

2013

ANNUAL REPORT
รายงานประจำปี 2556



RELIABLE COMMITMENT
AND FAIR DEALS CAN ALWAYS
BE EXPECTED FROM US



ทะเบียนเลขที่ ๐1๐7538๐๐๐198

บมจ. นำสินประกันภัย
NAM SENG INSURANCE PLC.
มั่นคงในสัญญา ซื่อตรงในบริการ



มั่นคงในสัญญา ซื่อตรงในบริการ

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ข้อมูลทางการเงิน

FINANCIAL HIGHLIGHTS

(หน่วย: ล้านบาท / Unit: Million Baht)

ณ วันสิ้นสุด	2556	2555	2554
At Year End	2013	2012	2011
ฐานะการเงิน / Financial Status			
สินทรัพย์รวม / Total Assets	2,965.36	2,950.67	2,873.42
หนี้สินรวม / Total Liabilities	1,792.50	1,908.77	1,895.97
ส่วนของผู้ถือหุ้น / Shareholder's Equity	1,172.86	1,041.90	977.45
ผลประกอบการ / Financial Performance			
เบี้ยประกันภัยรับรวม / Gross Written Premium	1,696.52	1,389.45	1,170.33
เบี้ยประกันภัยรับสุทธิ / Net Written Premium	1,578.18	1,301.60	1,098.71
เบี้ยประกันภัยที่ถือเป็นรายได้ / Earned Premium	1,468.41	1,161.42	1,096.03
รายได้จากการลงทุน / Income on Investment	106.48	125.87	63.13
รายได้อื่นและกำไรจากการขายทรัพย์สิน / Other Income and Gain on sale of assets	8.58	11.49	138.87
รายจ่ายรวม / Total Expenses	1,394.73	1,252.61	1,146.84
กำไร (ขาดทุน) สุทธิ / Net Profit (Loss)	183.01	63.22	117.27
อัตราส่วนทางการเงิน / Financial Ratio			
อัตราผลตอบแทนจากการลงทุน (%) / Investment Yield (%)	5.39	7.24	3.95
อัตราผลตอบแทนผู้ถือหุ้น (%) / Return on Equity (%)	16.53	6.26	13.22
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น (เท่า) / Debt to Equity (Times)	1.53	1.83	1.94
กำไรต่อหุ้น (บาท) / Earnings per Share (Baht)	13.17	4.55	8.44
จำนวนหุ้น (ล้านหุ้น) / Number of shares (Million shares)	13.90	13.90	13.90
มูลค่าตามบัญชี (บาท/หุ้น) / Book Value (Baht/Share)	84.38	74.96	70.32

วิสัยทัศน์

บริษัทฯ มีความมุ่งมั่นในการเป็นบริษัทประกันภัยชั้นนำ และได้รับความไว้วางใจจากลูกค้าและสังคม โดยยึดหลัก “มั่นคงในสัญญา ซื่อตรงในบริการ” เพื่อประโยชน์ของผู้เกี่ยวข้อง

พันธกิจ

- สร้างความเชื่อมั่นให้กรมธรรม์ประกันภัยของบริษัทฯ ได้รับความไว้วางใจจากลูกค้า คู่ค้า และสังคมโดยรวม และเป็นที่ยึดมั่นเมื่อมีภัย
- ยึดมั่นในความยุติธรรม ในการชดเชยค่าสินไหมทดแทนด้วยมาตรฐานที่ยอมรับ
- เติบโตอย่างมีทิศทางที่ชัดเจนและมั่นคง



VISION

We aim to be a leading and reliable insurance company with trust given by society for the benefits of stakeholders by adhering to the principle that “reliable commitment and fair deals can always be expected from us.”

MISSION STATEMENT

- To make our insurance policies to be trusted by policyholders and society.
- To offer standard of services and fair claim settlements.
- To grow step by step with quality.

คณะกรรมการบริษัทฯ ณ 31 ธันวาคม 2556

BOARD OF DIRECTORS as of 31 December 2013



นายสมบุญ ฟูศรีบุญ
กรรมการผู้อำนวยการ
Mr. Somboon Fusriboon
Managing Director



นายสันต์ โชติพฤกษ์
กรรมการ (กรรมการอิสระ)
Mr. Sant Chotipruk
Director (Independent Director)



นายวิฑูรย์ พัฒนรัชต์
กรรมการ
Mr. Vithun Patanarat
Director



นางสาวรัตนา เจริญชัยพงศ์
กรรมการ
Miss Ratana Jaroenchaipong
Director



นายยงยุทธ ผู้สันติ
กรรมการ (กรรมการอิสระ)
Mr. Yongyuth Phusanti
Director (Independent Director)



นายมาว อ่อง ทุน
กรรมการ
Mr. Muang Aung Htun
Director



นายนพดล พุดรังษี
กรรมการ (กรรมการอิสระ)
Mr. Napadol Putarungsi
Director (Independent Director)



นายไพรัช เจริญชัยพงษ์
กรรมการ
Mr. Pairach Charoenchaipong
Director



นางสาวสุมาลี เจริญชัยพงษ์
กรรมการ
Miss Sumalee Jaroenchaipong
Director



นายสมบัติ พุททาวรวงศ์
กรรมการ (กรรมการอิสระ)
Mr. Sombat Puthavolvong
Director (Independent Director)



ดร.โชติมา พัวศิริ
กรรมการ
Dr. Chotima Puasiri
Director

หมายเหตุ : คณะกรรมการในที่ประชุมครั้งที่ 10/2556-2557 เมื่อวันที่ 24 มกราคม 2557 มีมติแต่งตั้ง นายสันต์ โชติพิทักษ์ เป็นประธานกรรมการ เนื่องจากนายกำพล เตชะหริวจิตร อดีตประธานกรรมการ ได้ถึงแก่กรรม เมื่อวันที่ 16 ธันวาคม 2556

Note : The board of directors' meeting No. 10/2556-2557 held on 24 January 2014 appointed Mr. Sant Chotipruk the chairman as Mr. Kampo Techaruvichit, the former chairman, had passed away on 16 December 2013.

Summary report from the board of directors



นายสมบุญ ฟูศรีบุญ
กรรมการผู้อำนวยการ
Mr. Somboon Fusriboon
Managing Director

In 2013, Mr. Kampo Techaruvichit, the former chairman, left us forever. He was loved by people concerned as being a valuable person who did tremendous good for the Company and society. He will always be remembered.

We in 2013 significantly progressed with 1,683.52 million Baht of direct premiums, an increase of 302.53 million Baht or 22.10%, which was close to our target. The loss ratio moreover declined from 55.78% in 2012 to 48.09% in 2013 as we had adjusted our premium rates to be commensurate with associated risks. The expense ratio also dropped from 20.17% in the previous year to 17.85% in the reported year, due to our cost control and manpower management, facilitated by new software supporting our claims services. Gains from underwriting on the reported year therefore rose by 305.82% to 116.96 million Baht.

Meantimes we had gains on investments and other income totaling 115.06 million Baht. Profit for the year 2013, as a result, rose by 119.79 million Baht or 189.49% to 183.01 million Baht.

Our profitability hence improved, as net profit margin increased from 4.14% in the previous year to 10.10%, and gross margin rose from -4.37% in 2012 to 7.41% in 2013.

ROE and ROA increased accordingly from 6.26% and 2.17% in 2012 to 16.53% and 6.19% in 2013 respectively.

The Company aims to achieve a sales target of 2,000 million Baht in 2014 and pay attention to reap benefits from the upcoming AEC (Asean Economics Community). We will build networks in readiness for servicing the insured operating cross-border transportations.

The Company has participated in the Collective Anti-Corruption (CAC) project by giving an oath to acknowledge the agreement to resist all forms of corruption on 26 July 2013.

We have promoted business ethic, corporate social responsibility and good corporate governance, thus transparently doing business and protecting the right of shareholders, clients and all stakeholders. Thai Institute of Directors (IOD) in the previous year had declared that our corporate governance was rated "very good".

The board of directors thank all shareholders, clients, brokers and trader for their support. We confirm that we will continually do business with transparency and be responsible to all stakeholders to benefit society and our country in order to create value for all stakeholders on the principle.

Handwritten signature of Mr. Sant Chotipruk in blue ink.

(Mr. Sant Chotipruk)
Chairman

Handwritten signature of Mr. Somboon Fusriboon in blue ink.

(Mr. Somboon Fusriboon)
Managing Director

Note : The board of directors' meeting No. 10/2556-2557 held on 24 January 2014 appointed Mr. Sant Chotipruk the chairman as Mr. Kampo Techaruvichit, the former chairman, had passed away on 16 December 2013.

Policies and overall business

1. Policies and overall business

1.1 Vision, objectives, policies and targets

We have our vision to be a leading and reliable insurance company with trust given by society for the benefits of stakeholders by adhering to the principle that “reliable commitment and fair deals can always be expected from us”.

Our strategic objective is to expand our business with sustainable growth as we aim to achieve the sales target of 2,000 million Baht within 2014, supported by a strong capital base. Apart from that, new software will facilitate our claims services.

1.2 Major change and significant development

The Company was founded in 1948 and registered as a public company in 1993. It was subsequently listed on the Stock Exchange of Thailand (SET) in 1995.

The Company has 200 million Baht of registered capital, with 139 million Baht of paid-up capital. The major shareholders are N.S.Alliance Co., Ltd. and Pokkim Co., Ltd. of which Jaroenchaiyapongs family is a major shareholder, apart from HIH Overseas Holdings Limited as shown in details in section 5.

The structure of shareholders has not significantly changed for 3 years.

Major change of shareholders holding at least 10% of total shares.

Major shareholders	As at 16 March 2011		As at 11 April 2012		As at 10 April 2013	
	Share holding	%	Share holding	%	Share holding	%
1. N.S. Alliance Co., Ltd.	3,996,710	28.75	3,996,710	28.75	3,996,710	28.75
2. HIH Overseas Holdings Limited	3,400,000	24.46	3,400,000	24.46	3,400,000	24.46
3. Pokkim Co., Ltd.	2,398,027	17.25	2,398,027	17.25	2,398,027	17.25
Total	9,794,737	70.46	9,794,737	70.46	9,794,737	70.46

1.3 Subsidiary and affiliate

The Company has no subsidiary and affiliate.

1.4 Connection with business group

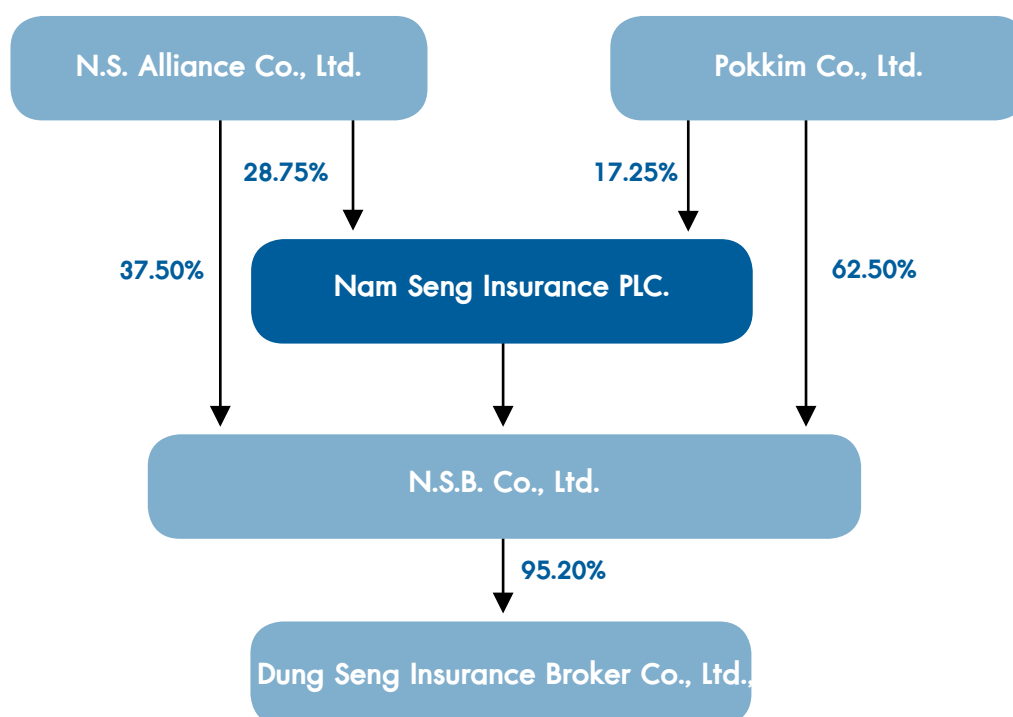
The Company has done business connections with N.S.B. Co., Ltd., a subsidiary of the holding companies comprising N.S. Alliance Co., Ltd. and pokkim Co., Ltd.. It entered into a construction contract with N.S.B. Co., Ltd. and employed N.S.B. Co., Ltd. to build an office building on the Company's land, with the consent of the Department of Insurance.

N.S.B. Co., Ltd. was granted the right to utilize and to lease out the office building spaces for a period, commencing from 1 December 1994 through 30 November 2014, and has the right to collect the rental fees or any remuneration. Upon termination of the contract, N.S.B. Co., Ltd. shall return the property in sound condition. Apart from that, the Company has made transactions with Dung Seng Insurance Broker Co., Ltd., a subsidiary of N.S.B. Co., Ltd., as Dung Seng Insurance Broker Co., Ltd. has advised clients to purchase our insurance policies.

The right of shareholders was protected as we did connected transactions, because we had transparently declared the transactions in accordance with the notification of the Securities and Exchange Commission (SEC).

Details and reasons of the connected transactions have been elaborated in section 11.

Business group as of 10 April 2014



Nature of Business

2. Nature of Business

2.1 Business operation

The Company mainly does the following business.

2.1.1 Fire insurance

Fire insurance basically provides coverage for losses or damages to insured properties caused by fire. It can be extended to cover other losses caused by flood and windstorm, including costs in attempt to stop the fire or to prevent the fire from spreading etc.

2.1.2 Motor insurance

Motor insurance comprises compulsory and voluntary insurance. While the voluntary insurance covers losses and damages to the properties and bodily injuries of both insured and third party, the other covers what stated by the Protection for Motor Vehicle Accident Victims Act B.E. 1992.

2.1.3 Marine and transportation insurance

Marine and transportation insurance provides coverage for losses and damages to hull and the transported cargo. This also includes those being transported by air and land.

2.1.4 Miscellaneous insurance

Miscellaneous insurance is that other than fire, motor, and marine insurance such as burglary, public-liability, contract-work, and golfer's indemnity insurance etc.

2.1.5 Reinsurance

The reinsurer takes up some risks from direct insurance companies.

2.1.6 Investment

The Company invests in financial instruments such as bonds and others under the Office of Insurance Commission's regulations.

Income Structure of Nam Seng Insurance Plc.

(Unit: Million Baht)

Item	2013		2012		2011	
	Amount	%	Amount	%	Amount	%
Gross written premiums						
- Fire	39.25	2.17	33.32	2.18	35.91	2.62
- Motor	1,492.92	82.41	1,233.21	80.77	1,007.21	73.39
- Marine	23.36	1.29	19.92	1.30	17.58	1.28
- Miscellaneous	140.99	7.78	102.99	6.75	109.64	7.99
Subtotal	1,696.52	93.65	1,389.45	91.00	1,170.33	85.28
Income on investment	106.48	5.88	125.87	8.24	63.13	4.60
Other income and gain on sale of assets	8.58	0.47	11.49	0.75	138.87	10.12
Total	1,811.58	100.00	1,526.80	100.00	1,372.33	100.00

Note: Gross written premium = premium written less premium cancelled and refunded

Income structure

In 2013, the Company's gross written premiums totaled 1,696.52 million Baht, an increase of 22.10%, from the previous year.

Investment income amounted to 106.48 million Baht, a decrease of 15.41% from the previous year. The profit from underwriting amounted to 116.96 million Baht, an increase of 173.78 million Baht. Profit for the year consequently increased by 119.79 million Baht to 183.01 million Baht.

Insurance business

Motor

In 2013, the net premiums earned were 1,374.73 million Baht, an increase of 27.88% from 2012. Losses incurred and loss adjustment expenses amounted to 759.85 million Baht, an increase of 6.72% from 2012. The preliminary insurance profit increased to 320.28 million Baht, or 179.75% from 2012.

Fire

In 2013, the net premiums earned amounted to 13.26 million Baht, an increase of 0.29% from 2012. Losses incurred and loss adjustment expenses amounted to 1.17 million Baht, a 84.16% decrease from 2012. The preliminary insurance profit increased to 14.78 million Baht, or 202.13% from 2012.

Marine and transportation

In 2013, the net premiums earned amounted to 6.33 million Baht, an increase of 37.12% from 2012. Losses incurred and loss adjustment expenses amounted to -0.37 million Baht, a decrease of 112.87% from 2012, resulting the preliminary insurance profit amounting to 8.71 million Baht, an increase of 152.94% from 2012.

Miscellaneous

In 2013, the net premiums earned amounted to 74.09 million Baht, an increase of 8.06% from 2012. Losses incurred and loss adjustment expenses amounted to 28.70 million Baht, a 600.21% increase from 2012, resulting in the preliminary insurance profit amounted to 35.30 million Baht, a decrease of 35.31% from 2012.

Investment and others

The Company's total investment fund amounted to 2,135.54 million Baht. The income from investment amounted to 106.48 million Baht, a decrease of 15.41% from 2012.

The Company's other income amounted to 8.58 million Baht, a 25.34% decrease from 2012.

2.2 Marketing and competition

2.2.1 Marketing strategy

We aim to enhance the sales of insurance policies with low risks, particularly those protecting personal cars with low loss ratio. We will adjusted premiums rate according to associated risks. In the reported year, we promoted some projects, namely "Mini plus" and "SUV for family" and so on, to sell new products.

2.2.2 Customers including target groups

The Company has the following target groups.

(1) General customers

General customers need services with professional standard in accordance with the condition in insurance policies.

(2) Juristic persons

Juristic persons include both public and private organizations, state enterprises and financial institutions. They need standard services in accordance with insurance contracts, thus purchasing insurance policies from companies with financial strength.

Type of customers	Sales proportion
General customers	41%
Juristic persons	59%
Total	100%

2.2.3 Distribution channels

The distribution channels are as follows:

(1) Sales via agents and brokers

The Company has sold insurance policies via selected quality agents and brokers. We always train new qualified agents and support them in the field of both sales and after-sales services. Most of our premiums have been sold via this channel.

(2) Direct sales

The Company has set up a team to provide services to the target customers. The volume via this channel was 1.5% of total premiums.

(3) Reinsurance

The Company has accepted reinsurance from other insurance companies as a part of income, amounting to 0.77% of total premiums.

2.2.4 Competition and outlook

As at 31 December 2013, there were 63 non-life insurance companies in Thailand.

The total direct premiums in the market as of 31 December 2013 were 203,021 million Baht with a growth rate of 13.12%. The Company's total direct premiums in the reported period were 1,683.52 million Baht, equivalent to 0.83% of the total market reported by the Office of Insurance Commission (OIC). Regarding the compulsory and voluntary motor premiums, our direct written premiums were 147.35 and 1,348.58 million Baht respectively, equivalent to 0.99% and 1.30% of the total motor - insurance market.

Considering the growth of total premium sales of the market in 2014, faced with the uncertainty in the political and economic environment, we forecast that total direct premiums of the market, compared with in 2013, would decline.

We also project that the expansion of our direct premiums in 2014 will not be less than the growth of the market, so that our market share could not be less than in 2013.

2.3 Source of funds and the management of funds.

The Company has policy regarding the source of funds, the management of funds, liquidity and the capital adequacy for doing insurance business. We conclude that we must maintain our capital at suitable level to support our sustainable growth. Most of financial instruments in which we invest are therefore deposits, debentures and stocks with liquidity and strong fundamental. Associated risks hence have been reduced, preventing the mismatch of funding as stated in details in section 13.

2.4 Undelivered services

We have no undelivered services, as having done no project which has to deliver services in successions.

Risk Factor

3. Risk Factors

3.1 Insurance Risk

Insurance risk arises due to the fluctuation of the frequency and severity of losses, which could deviate from assumptions, after the premium rates and the insurance reserves have been fixed.

The Company reduces the risk by determining premium rates, after carefully analyzing data and having done risk surveys. An actuary has also been assigned to calculate the amount of insurance reserves, making sure that they are adequate.

Furthermore the Company has transferred the risk to reinsurers with strong fundamental. As a result, the Company is fully ready to indemnify damaged persons without financial difficulty

The Company has set up underwriting committee to determine policies regarding the insurance premiums and conditions. The Claims-managing committee was also established to oversee the movement of claims and make sure that the loss reserve is adequate.

3.2 Market Risk

Market risk arises when interest rates and the prices of financial instruments fluctuate.

The board of directors has established the investment committee to determine investment policy, reducing risks associated with the fluctuations of the prices of financial instruments. The risks are generally caused by the movements of interest rates and other financial factors. The committee has closely monitored the economic situation in order to determine the composition of the investment portfolio and diversify risks. The Company concentrates on dividend stocks with strong fundamental rather than speculation in order to reduce the results of economic fluctuation.

3.3 Credit Risk

Credit risk arises when our debtors have no ability to meet their obligations. In this case, their credit rating could deteriorate.

The Company manages risks by purchasing debt instruments with acceptable credit rating, encourages premiums due to pay money according to the principle of CBC (cash before cover). As a result, the value of our premium receivables appraised by the registrar as at the end of 2013 was 93.1% of the amount reported in the financial statements. This was in line with the notification of the OIC.

Besides the Company has done reinsurance agreements with reinsurers with strong fundamental in order to reduce default risks.

As there was severe flood in 2011, the Company subsequently had claims paid amounting to 267 million Baht. Claims refundable which were agreed by reinsurers in accordance with treaty and facultative reinsurance contracts, amounting to 267 million Baht. The reinsurers had refunded the Company, amounting to 224 million Baht, the remaining proceeds, as a result, were 13.9 million Baht. We believe that we will be fully refunded.

The Company had another portion of loss reserves due to the severe flood, amounting to 136 million Baht. If reaching conclusions with insured regarding the exact amount of compensations, we could request for claims refundable from reinsurers in accordance with treaty, facultative and excess of loss reinsurance contracts, approximately amounting to 93 million Baht which excluded allowance for donbtfut accounts we had set aside for a reinsurer, amounting to 2.73 million Baht.

3.4 Operational Risk

Operational risk is a risk resulting from inappropriate staff or inadequate or failed internal process effected by the external environment.

The Company reduces the risk by training staff, so that they will have adequate knowledge and efficiently work.

The Company also regularly maintains the computer system to be in good condition. Data backup has also been done every day. Processes responding to the emergency event is always properly managed to make sure that the computer system consistently works.

3.5 Liquidity

Risk Liquidity risk arises when the Company is unable to sell assets quickly at its fair market price, otherwise it may have to sell assets at a loss to meet cash demand.

The Company has reduces the risk by holding liquid assets which are not less than the insurance liabilities. Moreover we have followed up and recommended debtors to pay money.

3.6 Reputational Risk

Reputational risk damages the Company's image and reputation, which will affect the Company's credibility and stability.

The Company uses a computer system to support claims services and approve repair costs without delay. We also have garages which are qualified in sufficient number for servicing clients and injured people.

In addition, the Company also uses new computer system to help pay compensation without delay or error.

3.7 Regulatory Risk

We have faced with regulatory risk as set by regulatory agencies when related laws and regulations may not be compliant with.

The Company reduces the risk by establishing the compliance unit to monitor changes in the laws and regulations of regulatory agencies such as the OIC and the SEC.

3.8 Strategic Risk

We have set our strategic objective that the Company will sustainably grow. Strategic risk would prevent us from achieving the strategic objective.

The Company minimizes the risk by preparing risk management plans, setting insurance premiums in accordance with associated risks, procuring competent personnel to provide good services to customers, preparing adequate capital to support our business expansion. Recently, the Company's sales were close to our target with a suitable level of combined ratio and capital adequacy ratio (CAR) which was higher than the minimum set by the registrar (see item 13).

The high level of CAR has enabled the Company to continue the expansion, despite there would be undesirable events effecting our business.

The Company has set up the risks-managing committee to manage risks in every aspect.

General Information

4. General Information

Company Name	Nam Seng Insurance Public Company Limited.
Address	767 Krungthep-Nonthaburi Road, Bangsue, Bangkok 10800.
Telephone Number	0-2911-4567, 0-2911-4488 Fax : 0-2911-4477
Email Address	email@namsengins.co.th
Homepage	www.namsengins.co.th
Public Company Registration	No.0107536000196
Type of Business	General Insurance
Nature of Business	General Insurance, Reinsurance and Investment under General Insurance Acts 1992.
Business Permit	General Insurance Permit granted since April 28, 1948.
Authorized Share Capital	20 million shares at Baht 10 each, totaling Baht 200 million.
Issued and Paid-up Share Capital	13.9 million Shares at Baht 10 each, totaling Baht 139 million.
Share Registrar	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building, 62 Rachadapisek Road, Klongtoey, Bangkok 10110 Tel. 0-2359-1200-1 Fax : 0-2359-1259
Legal Consultant	Punyariddhi Law Office Co., Ltd. 22 Soi Soontornsaratoon (Onnut 21/1) Sukhumvit 77 Suanluang District, Bangkok 10250 Tel. 0-2730-6969-76 Fax : 0-2730-6967-68
Auditor	Mrs. Nonglak Pumnoi, the certified Public Accountant No. 4172 or Miss Somjai Khunapasut, the certified Public Accountant No. 4499 or Miss Rachada Yongsawadvanich, the certified public accountant No. 4951 Ernst & Young Office Limited 33 rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road Klongtoey, Bangkok 10110, Thailand. Tel. 0-2264-0777 Fax : 0-2264-0789-90

Shareholder information

5. Shareholder information

5.1 Registered and paid-up capital

The Company as of 31 December 2013 had 20,000,000 registered ordinary shares of 10 Baht each, amounting to 200,000,000 Baht. We also had 13,900,000 issued and paid-up ordinary shares of 10 Baht each, amounting to 139,000,000 Baht.

5.2 Shareholders

The first ten major shareholders as at 10 April 2013 were as follows:

	Major shareholders	No. of share	% of share
1	N.S. Alliance Company Limited ^{1/}	3,996,710	28.75%
2	HIH Overseas Holdings Limited ^{2/}	3,400,000	24.46%
3	Pokkim Company Limited ^{3/}	2,398,027	17.25%
4	Thai NVDR Co.,Ltd.	1,071,100	7.71%
5	Jaroenchaipong , Chernrongroj and Fusriboon family	827,400	5.95%
	<i>Miss Sumalee Jaroenchaipong</i>	131,258	0.94%
	<i>Miss Ratana Jaroenchaipong</i>	77,557	0.56%
	<i>Mr. Voravatch Jaroenchaiyapongs</i>	76,520	0.55%
	<i>Mr. Sotas Jaroenchaiyapongs</i>	76,520	0.55%
	<i>Others</i>	465,545	3.35%
6	Mr. Pichai Wongchindawest	563,400	4.05%
7	Mrs. Thidarat Arunvilairat	156,500	1.13%
8	Mr. Krisanan Kewalee	105,400	0.76%
9	Mr. Santi Setsavat	104,400	0.75%
10	Mr. Putaporn Manusmongkol	102,100	0.73%
	Total	12,161,637	87.49%

Note : ^{1/} N.S. Alliance Company Limited is a holding company with the following shareholders :

	Major shareholders	No. of share	% of share
1	Jaroenchaipong, Chernrongroj and Fusriboon family	17,538	50.11%
2	Others	17,462	49.89%
	Total	35,000	100.00%

2/ HHH Overseas Holdings Limited, a holding company, has been placed into provisional liquidation.

3/ Pokkim Company Limited is a holding company with the following shareholders :

Major shareholders	No. of share	% of share
Jaroenchaipong, Chernrongroj and Fusriboon family	300,000	100.00%

5.3 Proportion of shares of the directors as of 31 December 2013.

Name	Position	Share holding at closing the registration book date		
		10 April 2013	11 April 2012	Change
Mr. Somboon Fusriboon	Vice Chairman	69,259	69,259	-
Mr. Vithun Patanarat	Director	7,030	7,030	-
Miss Ratana Jaroenchaipong	Director	77,557	77,557	-
Miss Sumalee Jaroenchaipong	Director	131,258	131,258	-
Mr. Pairach Charoenchaipong	Director	37,500	37,500	-
Mr. Yongyuth Phusanti	Independent Director	1,740	1,740	-
Mr. Sant Chotipruk	Independent Director	-	-	-
Mr. Napadol Putarungsi	Independent Director	-	-	-
Mr. Muang Aung Htun	Director	-	-	-
Mr. Sombat Puthavolvong	Independent Director	-	-	-
Dr. Chotima Puasiri	Director	76,520	76,520	-

5.4 Proportion of shares of the executives as of 31 December 2013.

Name	Position	Share holding at closing the registration book date		
		10 April 2013	11 April 2012	Change
Mr. Somboon Fusriboon	Managing Director	69,259	69,259	-
Miss Ratana Jaroenchaipong	Deputy Managing Director	77,557	77,557	-
Mr. Padet Dokchan	Assistant to Managing Director	-	-	-
Mr. Vichit Jaroenchaipong	Assistant to Managing Director	1,000	1,000	-
Mr. Piriya Klabwihok	Senior Manager	-	-	-
Mr. Teera Trussat	Manager of Accounting Department	-	-	-
Mrs. Kanjana Chernrongroj	Manager of Finance Department	149,428	149,428	-

Note : Executives had qualifications in line with the SEC's notification.

Dividend policy

6. Dividend policy

The Company will pay dividends which will not exceed 60% of net profit, depending to the Company's financial performance, the economic environment, related laws and the capital position supporting our business.

Amount of dividend payment for 2013 will be determined by the general meeting of shareholders (AGM).

Management structure

7. Management structure

7.1 Board of Directors

The Company had a board of directors and 7 committees set up by the board of directors to execute significant duties as follows:

7.1.1 Board of Directors

- (1) The board of directors is authorized and responsible for setting the Company's strategies in compliance with the associated laws, the articles of association and the resolutions from the shareholders' meetings.

The board of directors could also approve the purchases of assets and other transactions under terms and conditions set by the OIC, the SEC. For example, the purchases of properties or securities must be in compliance with the registrar.

- (2) The Board of Director's members as at 31 December 2013 were as follows:

	Name	Position	Number of attendance/ total meetings	
			Number of attendance	Total meetings
1.	Mr. Somboon Fusriboon	Vice Chairman	11	12
2.	Mr. Vithun Patanarat	Director	12	12
3.	Miss Ratana Jaroenchaipong	Director	11	12
4.	Miss Sumalee Jaroenchaipong	Director	10	12
5.	Mr. Pairach Charoenchaipong	Director, Selection and Remuneration Committee Member	11	12
6.	Mr. Yongyuth Phusanti	Independent Director, Audit Committee Member	12	12
7.	Mr. Sant Chotipruk	Independent Director, Chairman of Audit Committee, Selection and Remuneration Committee Member	12	12
8.	Mr. Napadol Putarungsi	Independent Director, Audit Committee Member, Chairman of Selection and Remuneration Committee	12	12
9.	Mr. Muang Aung Htun	Director	10	12
10.	Dr. Chotima Puasiri	Director	10	12
11.	Mr. Sombat Puthavolvong	Independent Director	11	12

Note : 1/ Some directors did not attend the meeting as being ill or having important issues to be done.

- 2/ The board of directors' meeting no. 10/2556-2557 held on 24 January 2014 appointed Mr. Sant Chotipruk the chairman as Mr. Kampol Techaruvichit had passed away on 16 December 2013.

Consultant to the board of directors is Dr. Abhijai Chandrasen. He is responsible for giving advices regarding legal issues and others.

Another consultant to the board of directors is Mr. Thana Vongsangnak. He is responsible for giving advices regarding accounting and tax.

Company secretary is Mr. Kochakorn Nantaphan.

Mr. Somboon Fusriboon or Miss Ratana Jaroenchaipong have been authorized to sign together with Mr. Vithun Patanarat or Miss Sumalee Jaroenchaipong or Mr. Pairach Charoenchaipong or Dr. Chotima Puasiri on behalf of the Company.

Details of all directors are in attachment 1.

- (3) In 2013, the board of directors held 12 meetings, setting up policies, approving financial targets and budgets, monitoring the Company's performance and solving problems concerned.

7.2 Management

As at 31 December 2013, the management team comprised the following :

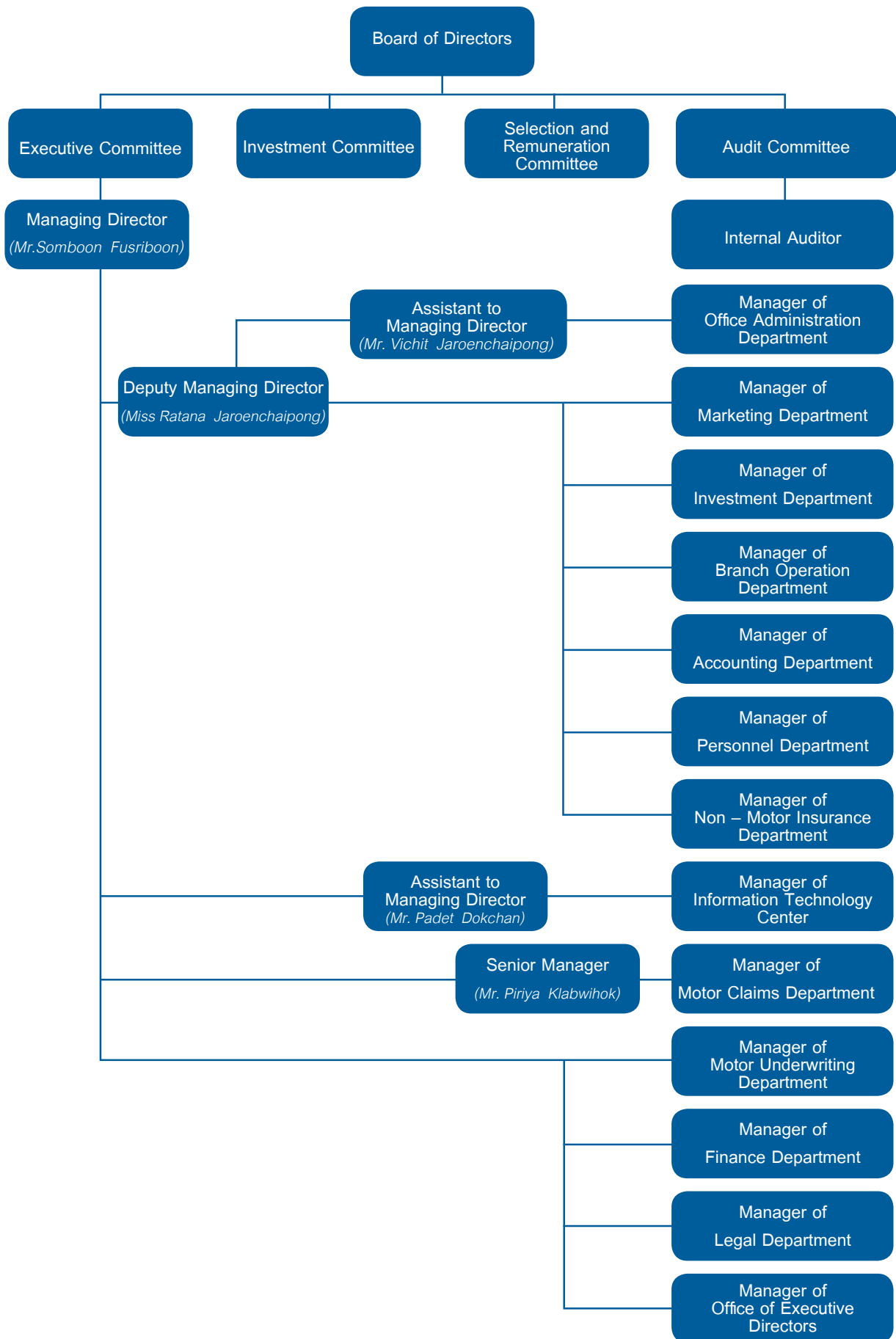
	Name	Position
1.	Mr. Somboon Fusriboon	Managing Director
2.	Ms. Ratana Jaroenchaipong	Deputy Managing Director
3.	Mr. Padet Dokchan	Assistant to Managing Director, Acting Manager of Information Technology Center
4.	Mr. Vichit Jaroenchaipong	Assistant to Managing Director, Acting Manager of Office Administration Department
5.	Mr. Piriya Klabwihok	Senior Manager (responsible for motor claims)
6.	Dr. Chotima Puasiri	Director and Manager of Non - Motor Insurance Department
7.	Mr. Teera Trussat	Manager of Accounting Department
8.	Mrs. Kanjana Chernrongroj	Manager of Finance Department
9.	Mr. Kochakorn Nantaphan	Manager of Office of Executive Directors
10.	Ms. Malinee Udomsangpetch	Manager of Investment Department
11.	Mr. surasit sutthanggoor	Manager of Marketing Department
12.	Mr. Voravatch Jaroenchaiyapongs	Manager of Motor Claims Department
13.	Ms. Siriwan Bovornrubporn	Manager of Motor Underwriting Department
14.	Mr. Permsak Roysirikul	Manager of Legal Department
15.	Ms. Savanee Onsuwan	Manager of Personnel Department
16.	Mr. Pongpisit Krissanakaset	Manager of Branch Operating Department

The executives in accordance with the notification of the SEC were composed of managing director and the next four executives succeeding the manager, and persons holding the position of manager or equivalent in accounting or finance departments. The following therefore are the Company's executives :

	Name	Position
1.	Mr. Somboon Fusriboon	Managing Director
2.	Ms. Ratana Jaroenchaipong	Deputy Managing Director
3.	Mr. Padet Dokchan	Assistant to Managing Director, Acting Manager of Information Technology Center
4.	Mr. Vichit Jaroenchaipong	Assistant to Managing Director, Acting Manager of Office Administration Department
5.	Mr. Piriya Klabwihok	Senior Manager (responsible for motor claims)
6.	Mr. Teera Trussat	Manager of Accounting Department
7.	Mrs. Kanjana Chernrongroj	Manager of Finance Department

Details of the executives are in attachment 1.

Structure of the management as of 31 December 2013



7.3 Company secretary

Mr. Kochakorn Nantaphan has been the Company secretary, his details besides are in attachment 1.

7.4 Remunerations of directors and executives in 2013.

7.4.1 Paid benefit

a. Directors

(Baht)

Name	Remuneration	Meeting allowance					Total
		Board of Directors	Executive Committee	Audit Committee	Selection and Remuneration Committee	Investment Committee	
1. Mr. Kumpol Techaruvichit 1/ - the former chairman	177,777	230,000					407,777
2. Mr. Somboon Fusriboon - Vice Chairman - Chairman of Executive Committee - Investment Committee Member	133,333	220,000	180,000			40,000	573,333
3. Mr. Vithun Patanarat - Director - Executive Director - Chairman of Investment Committee	88,889	160,000	120,000			60,000	428,889
4. Miss Ratana Jaroenchaipong - Director - Executive Director - Investment Committee Member	88,889	160,000	120,000			40,000	408,889
5. Miss Sumalee Jaroenchaipong - Director	88,889	160,000					248,889
6. Mr. Pairach Charoenchaipong - Director - Selection and Remuneration Committee Member	88,889	160,000			20,000		268,889
7. Mr. Yongyuth Phusanti - Director - Audit Committee Member	88,889	160,000		50,000			298,889
8. Mr. Sant Chotipruk - Director - Chairman of Audit Committee - Selection and Remuneration Committee Member	88,889	160,000		75,000	20,000		343,889
9. Mr. Napadol Putarungsi - Director - Chairman of Selection and Remuneration Committee - Audit Committee Member	88,889	160,000		50,000	30,000		328,889
10. Mr. Muang Aung Htun - Director - Executive Director	88,889	160,000	120,000				368,889
11. Dr. Chotima Puasiri - Director	88,889	160,000					248,889
12. Mr. Sombat Puthavolvong - Director	88,889	160,000					248,889
Total	1,200,000	2,050,000	540,000	175,000	70,000	140,000	4,175,000

Note : 1/ Mr. Kumpol Techaruvichit , the former chairman, passed away on 16 December 2013

b. Seven executives in accordance with the notification of the SEC.

	Salary	Bonus
	11,862,900	1,641,456

7.4.2 Other benefit

(1) Non paid benefit

-None-

(2) Other for executives in accordance with the notification of the SEC

Provident funds were paid for 7 executives amounting to 607,680 Baht.

7.5 Manpower

7.5.1 Manpower and their benefit as of 31 December 2013

2013	Staff who provided underwriting and claims services	Other	Total
Number of operational staff	331	121	452
Number of management team	5	11	16
Total	336	132	468
Operational staff's benefits (Baht)	81,285,727	36,194,075	117,479,802
Management team benefits (Baht)	5,054,284	20,212,068	25,266,352
Total (Baht)	86,340,011	56,406,143	142,746,154

Note : 1/ Management team comprises ones who are at least manager level.

2/ Benefits mean salary, overtime, provident funds, bonus and soon.

7.5.2 Human resources development policy

We have our policy to educate our staff to be competent, polite and able to satisfy customers, in order to achieve our vision and targets. The following included training courses.

- Strategic and operational targets.
- Professional knowledge.
- Organizational culture supporting services mind.

We arranged 141 training courses comprising the following :

- 23 external courses.
- 118 internal courses.

In 2013 each staff attend 3 hours of training courses on average.

7.5.3 Labor disputes within a 3 - year period, and policy on the aforementioned issue.

In 2013, the Company had one labor dispute case, we however arbitrated and negotiated until it was resolved.

It is the Company's policy to resolve labor disputes as soon as possible in order to keep the number of labor dispute cases to a minimum.

Good corporate governance

8. Good corporate governance

8.1 Good corporate governance policy

We comply with good corporate governance as follows:

8.1.1 Rights of shareholders

We encourage shareholders to exercise their rights such as the profit sharing. They have right to purchase, sell or transfer shares and receive sufficient information. There are no actions that violate shareholders' rights to study the Company's information and their rights to attend shareholders' meetings to elect or change the Company's directors.

Shareholders have right to determine the remunerations of the directors in the general meetings of shareholders (AGM). We declare that the remunerations could be compared with those in the same industry and depend on the directors' experience, accountability, responsibility, and benefit created by them.

Shareholders have opportunity to elect the Company's director one by one.

We declared in the AGM minutes that there is independent observer monitoring the counting of votes.

Generally we provide updated information in our website. The Company preserves the right of shareholders, as they could inquire the directors in the AGM, ones who come late, moreover, could attend the AGM.

Minor shareholders could also submit questions and agenda regarding the AGM in advance before the AGM is held at least 3 months, in accordance with the procedure set and declared by the Company in the website.

We have a policy to encourage shareholders, particularly institutional investors, to attend the shareholders' meetings. Institutional investors could access to our information by contacting with the manager of the office of executive directors who is responsible for investor-relation activities.

Each meeting agenda has been clearly separated, for example, those regarding the appointment of directors and the directors' remunerations are in different agenda.

In the agenda to approve dividend payments, dividend-payment policy and dividend amounts are disclosed together with the reasons and data for shareholders' consideration.

In the letters setting the appointment for the meeting, the objectives and reasons for each agenda are clearly specified, and the board's opinions for each agenda proposed are stated.

The minutes to the AGM contain the following details:

- (1) The notification of voting and vote counting methods to the shareholders before the meeting starts with instructions that voting cards will be used.
- (2) The chairman of the meetings allows the shareholders to inquire or express opinions and the questions and answers are recorded. The shareholders who do not attend the meeting hence can be informed.

- (3) Meeting resolutions are clearly recorded, including the number of shareholders voting “approve”, “disapprove” and “abstain” for each agenda where voting is required.
- (4) The names and titles of directors attending the meeting are recorded.
- (5) The meeting resolution and voting results are disclosed to the SET within the day after the meeting.

In general, the chairman of the board of directors, the managing director and the chairpersons of all established by the board committees, such as the chairman of the selection and remuneration committee, attend every shareholder’s meeting to meet and answer questions shareholders’ ask on relevant issues.

The board of directors nominates at least one independent director in the meeting invitation letters to serve as a shareholder proxy.

The Company holds shareholders’ meetings at venues that can easily be reached by the shareholders and does not set up a take-over prevention mechanism that allows the management or authorized proxy to use as a shield for protection in case of inefficient or non-transparent mismanagement.

No cross shareholding or hierarchical shareholding in the Company’s group.

The Company’s directors do not hold over 25% of outstanding shares altogether.

The Company’s free float shares are 23.03% of all outstanding shares.

In each general meetings of shareholders, no agendas not specified in the meeting invitation are added for approval by the meetings.

The Company does not have any share- repurchase project.

The Company does not create barriers to prevent communication among shareholders and there are no shareholder’s agreements causing significant impact on the Company or the shareholders.

8.1.2 Equitable treatment of shareholders

All shareholders should be treated in an equal way. One share has one vote in the AGM.

The Company has only ordinary share without other type of share.

The Company generally informs minor shareholders in our website at least 3 months in advance that the shareholders are able to propose qualified persons to be elected as directors in the AGM (item 8.1.1).

The Company sends shareholders the invitation letters with all kind of proxy forms in order to facilitate shareholders who could not attend the AGM. Shareholders wishing to authorize proxies are informed of procedure and necessary documents to be used in the process of the appointment of the proxies. The Company promotes the use of proxy forms on which they are able to specify their votes.

The Company has no intention to set any procedure which obstructs the appointment of the proxies. No need to show any document endorsed by the government agency if unnecessary.

The Company informs agenda and procedures governing the AGM on our website at least 30 days in advance and sent invitation letters within date required by the Law.

Documents concerning the meeting are translated into English to be convenient for foreign shareholders.

The Company distributes the minutes of shareholders’ meetings via our website within 14 days after the meeting date.

Measures are in place to prevent directors, executives, and employee from taking advantage of inside information for abusive self dealing. The management and staff are regularly informed that nobody will be able to take benefit from inside information. (item 8.5)

In case there are connected transactions, the Company declares connected persons and policy regarding the price or value of the transactions together with the directors' opinion concerned (item 11).

Without supporting any personal benefit, the connected transactions and the purchases and the sales of assets have been done in accordance with the notifications of the Stock Exchange of Thailand (SET) and the SEC.

The Company does not have connected transactions with the conflict of interest.

The amount of commissions paid to Dung Seng Insurance Broker Co.Ltd. and rental and service fees paid to N.S.B. Co.,Ltd. were less than 25% of total underwriting expenses they are declared in notes to financial statements for the year ended 31 December 2013.

Transactions done with Dung Seng Insurance Broker Co.,Ltd. occurred in the ordinary course of business with fair dealing, while the transaction with N.S.B. Co.,Ltd. arose due to the utilization of rental building.

Moreover we sold insurance policies to Asia Hotel Plc. and its subsidiary at the market rate of premiums under the regulation of the OIC.

8.1.3 Stakeholders

The Company prepares reports on corporate social responsibility (CSR) as part of the annual report (see section 9). The board of directors has a clear and tangible policy on occupational safety and hygiene of staff. The Company has established committee of occupational safety health and environment of the workplace, with no accident or absenteeism or illness rates.

The Company has clear policy on employee remunerations and welfare, which are composed of salary and bonuses similar to other insurance companies with similar premium structures. The business performance of the Company including our profitability and the KPI achievement is also major factor. In addition, the Company has established a provident fund for long-term employee care without policy in violation of human rights.

It is the Company's policy to develop employees' knowledge and ability. The average training hours in which our staff attend were three hours/year/person in 2013.

The board of directors has set clear policy on tangible and responsible treatment of customers, competitors, trade partners and/or creditors as detailed in the Company's code of conducts from which it can be summarized that the Company will provide good services to customers, pay compensation and the refund of insurance premiums to the insured without delay in line with the OIC regulations. Our trade partners and creditors have been also fairly treated and in strict compliance with contracts or terms as agreed.

The board of directors has set policy for the Company not to support the violations of intellectual property and will penalize any staff who violates this principle.

The Company follows up on compliance with anti-corruption policy and provides training to its staff to understand anti-corruption policy and practice guidelines as shown in section 9.

The board of directors encourages effective use of resources, for example, the reduction of energy and paper consumption by reducing photo processing as images are stored in our computer system. Details on this issue are disclosed in section 9.

The Company arranges channels and procedures for every group of stakeholders to file reports or complaints on issues causing potential damage to the Company. The aforementioned staff or reporters will be protected as shown in item 9.2.2.

The Company never violates laws governing labor, employment, consumers, trade competition and the environment. Furthermore, regulatory agencies never punish the Company because of any late announcement on important events.

8.1.4 Disclosure and transparency

The Company clearly and transparently declares the structure of major shareholders and the proportion of minor shareholders. Shareholders are able to know this data in our website and the annual reports (item 3.1), indicating that top ten shareholders held 87.49% of total shares. There is no nominee holding more than 5% of total shares.

We declare our objectives and targets in item 1.1.

The Company discloses all important information (both financial and non-financial) accurately, completely, transparently and on a timely basis, and complies with rules and regulations of the SEC and the SET. All useful information is declared in our annual report, including the analysis of financial position, our performance, significant changes, factors effecting our financial results (section 12 and 13).

We also analyzed the industrial competition, our potential and market share (item 2.2.4). We declare the risk factors, causes and risk-prevention procedure (section 3).

Dividend policy has also been declared in section 6.

Structure of business group and details are clearly disclosed (item 1.4).

We have policy that directors should report the board of directors on the purchases and sales of their shares.

The following additional information is disclosed in the annual report:

- (1) The performance of the board and committees set up by the board during the previous year (section 8).

The Company declares data regarding directors and independent directors including names, position, age, education and work experience (attachment 1).

- (2) Disclosure of directors' approach to determine remunerations (item 8.1.1) together with its type and the amount of remunerations (item 7.4)
- (3) We have a policy to set the top management's remunerations that they should be compared with those with the similar financial position in the same industry. The remunerations are also determined by the Company's performance and the economic conditions. We have reported the type of the remunerations in item 7.4.
- (4) Connected transactions must be in accordance with the notification of the SEC (section 11).
- (5) The Company has policy that every director must declare his or her interest concerned in compliance with the SEC's notifications.
- (6) The Company's external auditor is independent, his or her qualification is acceptable and approved by the SEC (item 8.1.5).

Audit fee and service fees paid to the external auditor have been declared (item 8.6)

The Company's financial statements have been audited with unqualified opinion. The SEC never inform the Company to rectify them.

(7) Information in our website is both Thai and English.

The Company's financial statements are audited by external auditor with unqualified opinion. The SEC has not instructed the Company to amend our financial statements.

(8) We send shareholders and investors information via many distribution channels including the Company's website, so that they equally and easily access to the information.

We never submit financial reports late.

We also declare the detail of our business, shareholders' structure, the composition of board of directors, annual reports, financial statements, directors, management, investor relation and invitation letter to the AGM in the Company' website.

The Company assigned the manager of Office of Executive Directors to be responsible for investor relation. Investors could call him at telephone number 02-9114567 or email@namsengins.co.th . We also have discussed investors visiting us in the previous year.

8.1.5 Directors' Responsibilities

On 24 December 2013 the board of directors had approved the implementation of "code of best practice" in the Company's business operations. Recently, on 24 February, the board of directors announces the implementation of the Company's corporate governance and "code of conduct" to assure relevant individuals that the Company follows the principle of corporate governance principles and has a code of conduct.

The Company's "code of conduct" is available for directors, executives and staff on the Company's website and must be strictly upheld.

The Company encourages compliance with the "code of conduct" by providing occasional explanations and monitors whether it is complied with.

The board of directors participates in setting the Company's vision and mission so executives and staff set goals in the same direction. The Company's vision and mission are announced in the annual report and at the Company's website. The board reviews and approves the Company's vision and mission at least every five years.

The board of directors has set policy to limit the number of registered companies that a director can serve as director to no more than five.

The board of director sets up a policy that directors and managing directors are forbidden from becoming partners in an ordinary partnership, or unlimited partners in a limited partnership, or directors of private companies or other companies conducting business that competes with the Company's business, whether for personal gain or the gain of other individuals.

The Company has disclosed the name of independent directors and the number of years they serve as directors in attachment 1.

The managing director does not hold the position of director in more than two other listed companies.

At least one non-executive director has work experience associated with insurance business.

The Company has never had a history of violating the regulations of the SEC or the SET.

Details on the Company's compliance unit are disclosed in section 10.

The Company has selected Audit House Co., Ltd. as the internal auditor that is not the Company's accounting auditors and reports audit results to the audit committee and the board of directors as detailed in section 10.

The office of executives directors is responsible for following up, so that all departments solve problems as recommended by the audit committee.

The Audit Committee's key duty performances and number of meetings attended are disclosed in item 8.2.3.

It is the board of directors' policy that the director structure should be composed of individuals possessing diverse skills, occupations, expertise and gender, etc.

The board sets new director appointment procedures. The selection and remuneration committee performs the duty of selecting persons with suitable qualifications, especially ones with necessary skills that are deficient on the board. New director appointment procedures are disclosed in item 8.3.2.

The Company prepares data on business operations and other relevant data for directors serving in the Company for the first time. The Company uses documents recommended by the SET in the orientation of new directors from 2014 onward.

It is the board of directors' policy to encourage directors to improve their knowledge consistently. All directors have passed directors accreditation training programs. Last year, the Company sent directors to attend seminary activities in order to acquire knowledge in other fields such as the role of compensation committee (RCC).

Last year, the board of directors held a total of twelve board meetings. On average, each director attended no less than 80% of all board meetings.

The Company has set policy on meeting quorums for at least two thirds of the directors to be present at time of the board of directors' voting in the board of directors' meetings.

All directors are required to attend at least 75% of the board meetings for the entire year.

The board schedule meetings in advance on an annual basis, and meeting documents are received at least five days before the board meeting day.

The board of directors approves the risk management policy prepared by the risk Management committee to achieve an effective risk management system covering the entire company. The guidelines for managing key risks are disclosed in section 3 – "Risk Factors".

The board arranges the availability of internal control system and considers the Company's internal control system and risk management system in line with the SEC criteria and discloses details in section 10.

The audit committee reports the opinion on the sufficiency of the Company's internal control and risk management systems in the annual reports.

It is the board of directors' policy that, in order to prevent conflicts of interest, the board of directors will exercise prudence when doing transactions with potential conflicts of interest occur and will follow the regulations of the SEC and the SET with set policy and methods to prevent executives and other people involved from using the Company's internal data for personal gain.

The board of directors arranges for the system to clearly distinguish the responsibilities of directors from the management. The board of directors has the role of approving strategic plans, operation directions and following up on the management's performance evaluation. The board of directors also has the power to approve transactions beyond the power of the management. The details on the board of directors' power to approve transaction are disclosed in item 7.1.1.

The board of directors arranges for the evaluation of the entire board by using the evaluation form recommended by the SET in the following areas:

- Board of directors' roles, duties and responsibilities.
- Board of directors' meetings.
- Director's self development and executive development.

In addition, the board of directors has arranged for individual director performance evaluations from 2014 onward, with evaluation criteria being of the same nature as the criteria for the entire board.

The board of directors will arrange sub-committee's performance evaluation from 2014 onward.

The board of directors assigns the selection and remuneration committee to evaluate the performance of the managing director on annual basis, so the findings can be used to set his remunerations.

The selection and remuneration committee considers and sets the managing director officer's remunerations based on his performance, compared to the Company's targets as the success index.

The Company discloses the remuneration structure of executive and non-executive directors in item 7.4.1 and approves the remunerations of the executive directors and the managing director based on the opinion of the selection and remuneration committee.

The board of directors assigns the management to implement the succession plan, so that there will not be problems in case managing director or any manager cannot perform his or her duties.

The Company has appointed Mr. Kochakorn Nantaphan the Company secretary. He is an MBA graduate, who has also passed training courses regarding secretary work. The details are shown in attachment 1.

The current chairman of the board appointed by the board of directors on 24 January 2014 is Mr. Sant Chotipruk, an independent director. The chairman of the board monitors the operations of committee established set up by the board and the management, so that they achieve the set objectives.

The board of directors appoints the audit committee composed of all independent directors, at least one of whom is an expert in accounting. The duties and responsibilities, work and background of the audit directors are shown in item 8.2.3 and attachment 1.

The board of directors appoints the selection and remuneration committee to perform duties in considering the criteria and forms of the remunerations of directors and high-ranking executive. The details on the duties and responsibilities of the selection and remuneration committee are clearly shown in item 8.2.4.

The selection and remuneration committee is composed of over 50% in independent directors with a chairperson as an independent director. The number of meetings and work of the committee are as shown in item 8.2.4.

The board of directors appoints the risk-managing committee. The details on the duties and responsibilities of the committee are disclosed in item 8.2.5.

The board of directors as of 31 December 2013 comprised 11 persons as follows:

- 2 executives directors.
- 5 non-executives directors.
- 4 independent directors.

The board of directors is composed of independent directors and non-executive directors for more than two thirds of the total number of directors.

The Company discloses which director are independent directors as well as the year they accepts the title of director in attachment 1 on the topic regarding details on the Company's board of directors.

No independent director serves as a director in more than five listed companies.

The Company discloses the definitions of independent director's independency for the shareholder's awareness in the meeting invitation, and also discloses to the public on the Company website every year that the board of directors defines the independent director's independency in line with the criteria set by the SEC as detailed in item 8.3.1.

Independent directors are independent from the Company's executives and major shareholders.

The board of directors prepares and presents the board of directors' responsibilities on financial reporting in the annual report every year.

The Company is an ally to the Thai private sector's Collective Action Coalition Against Corruption as detailed in item 9.4.

In the previous year, directors and executives did not do any fraud or violate the code of conducts. No directors resigned due to the violation of corporate governance. The Company had no bad reputation because of the malfunction of the directors.

8.2 Committees established

8.2.1 Executive committee

- (1) The executive committee is authorized by the board of directors to review the Company's financial status and results, and set targets, plans and the organizational structure etc.
- (2) The executive committee members as at 31 December 2013 were as follows:

	Name	Position	Number of attendance/total meetings	
			Number of attendance	Total meetings
1.	Mr. Somboon Fusriboon	Chairman of Executive Committee	12	12
2.	Mr. Vithun Patanarat	Executive Director	12	12
3.	Miss Ratana Jaroenchaipong	Executive Director	12	12
4.	Mr. Muang Aung Htun	Executive Director	9	12

Note : Some directors did not attended the meeting as being ill or having important issues to be done.

- (3) In 2013, the executive committee held 12 meetings to set up policies to be implemented, so as to achieve the targets.

8.2.2 Investment committee

- (1) The investment committee is responsible to determine the Company's investment policy in accordance with risks, liquidity and returns. As authorized by the board of directors, it could also approve some specified investment such as the purchases of debentures of not above 20 million Baht etc.
- (2) The investment committee members as at 31 December 2013 were as follows :

	Name	Position	Number of attendance/total meetings	
			Number of attendance	Total meetings
1.	Mr. Vithun Patanarat	Chairman of Investment Committee	4	4
2.	Mr. Somboon Fusriboon	Committee Member	4	4
3.	Miss Ratana Jaroenchaipong	Committee Member	4	4

- (3) In 2013, the investment committee held 4 meetings to set up policies and the investment portfolio's structure.

8.2.3 Audit committee

- (1) The audit committee is responsible to review the Company's procedure to ensure that the Company's financial statements are accurate and adequate, the internal control is suitable, the associated laws are complied with, and there is no conflict of interest. The committee also recommends the board of directors about the appointment of external auditor and conducts investigation, and reviews evidence whenever there is any suspected frauds or problems in the internal control.

(2) The audit committee members as at 31 December 2013 were as follows :

	Name	Position	Number of attendance/total meetings	
			Number of attendance	Total meetings
1.	Mr. Sant Chotipruk	Chairman of Audit Committee	5	5
2.	Mr. Napadol Putarungsi	Committee Member	5	5
3.	Mr. Yongyuth Phusanti	Committee Member	5	5

Note : Mr. Sant Chotipruk had been appointed as the chairman of the board directors by the directors' meeting No.10/2556-2557 held on 24 January 2014, he as a result resigned from the audit committee. The board of director subsequently appointed Mr. Yongyuth Phusanti the chairman of audit committee, Mr. Sombat Puthavolvong moreover was appointed as the committee's member.

Consultant to the audit committee is Dr. Abhijai Chandrasen. His qualification is shown in attachment 1.

- (3) In 2013, the audit committee held 5 meetings, and gave the board of directors advices about issues regarding the following:
- The appointment of external auditor.
 - The review of financial statements
 - The operations in accordance with the regulations of the Company.

In conclusion, the audit committee reported that some departments had done some mistakes which would generally occurred in working place. They however are not significant pitfalls.

- (4) The members of the committee are independent directors. The qualifications of the committee member are determined by the SET. Their qualification are shown in attachment 1.
- (5) Mr. Sant Chotipruk, the chairman of the committee has knowledge and experience in reviewing financial reports.
- (6) The audit committee regularly reports the board of directors every quarter. Its report to shareholders is also shown in the annual report.
- (7) The audit committee is responsible for giving some advices about the appointment of internal auditor and external auditor.

8.2.4 Selection and remuneration committee

- (1) The selection and remuneration committee is authorized to do the following:
- Advises the board of directors about principle and policies regarding the selection of directors, consultants and the managing director after considering their knowledge, ability, experiences and reputation.
 - Proposes the structure of remuneration and other benefits for directors, committees, consultants and the managing director, after comparing their qualifications with those in the same industry.
 - Considers policy on the remuneration for the management team and employers.
- (2) The selection and remuneration committee members as at 31 December 2013 were as follows:

	Name	Position	Number of attendance/total meetings	
			Number of attendance	Total meetings
1.	Mr.Napadol Putarungsi	Chairman of Selection and remuneration Committee	2	2
2.	Mr. Sant Chotipruk	Committee Member	2	2
3.	Mr. Pairach Charoenchaipong	Committee Member	2	2

Note : Mr. Sant Chotipruk had been appointed as the chairman of the board directors by the director's meeting No.10/2556-2557 held on 24 January 2014, he as a result resigned from the selection and remuneration committee. The board of director subsequently appointed Mr. Sombat Puthavolvong the member of the selection and remuneration committee.

Consultant to the selection and remuneration committee is Dr. Abhijai Chandrasen.

His qualification is shown in attachment 1.

- (3) Qualifications of selection and remuneration committee are as follows:
- Chairman of the committee is independent director. He is not chairman of the board of directors.
 - Independent directors are two third of all committee's members.
- (4) In 2013, the selection and remuneration committee held 2 meetings, in order to propose suitable persons to be selected by the board of directors and the AGM as directors. The increase of the top management's salary and remunerations was also determined.

8.2.5 Risks-managing committee

- (1) The risks-managing committee is responsible for the following:
- Identifies significant risks together with their causes.
 - Assesses and prioritize risks
 - Responses to risks by determining measures against risks.
 - Monitors, review and report the progress of risks reducing policies.
- (2) The risks-managing committee's members as at 31 December 2013 were as follows:

	Name	Position	Number of attendance/total meetings	
			Number of attendance	Total meetings
1.	Mr. Somboon Fusriboon	Committee Chairman	3	4
2.	Mr. Padet Dokchan	Committee Member	2	4
3.	Manager of Office of Executive Director	Committee Member	3	4
4.	Manager of Motor Claims Department	Committee Member	-	4
5.	Manager of Investment Department	Committee Member	4	4
6.	Manager of Legal Department	Committee Member	2	4
7.	Manager of Office Administration Department	Committee Member	-	4
8.	Manager of Branch Operation Department	Committee Member	2	4
9.	Manager of Motor Underwriting Department	Committee Member	4	4
10.	Manager of Finance Department	Committee Member	-	4

Name	Position	Number of attendance/total meetings	
		Number of attendance	Total meetings
11. Manager of Non-Motor Insurance Department	Committee Member and Secretary	4	4
12. Manager of Personnel Department	Committee Member	3	4

Note : Some committee members did not attended the meeting as being ill or having important issues to be done.

- (3) The committee in the meeting has determined procedures to reduce overall risks regarding operations.

8.2.6 Underwriting committee

- (1) The underwriting committee is responsible for the following:
- Determines flexible underwriting and reinsurance policy in accordance with risks and laws.
 - Makes sure that the board of director's underwriting policy is complied with.
 - Approves the authorized list of reinsurers.
 - Approves the Company's underwriting and reinsurance procedure.
- (2) The underwriting committee's members as at 31 December 2013 were as follows:

Name	Position	Number of attendance/total meetings	
		Number of attendance	Total meetings
1. Mr. Somboon Fusriboon	Committee Chairman	4	4
2. Miss Ratana Jaroenchaipong	Committee Member	4	4
3. Manager of Motor Underwriting Department	Committee Member	4	4
4. Manager of Non – Motor Insurance Department	Committee Member	4	4

- (3) The committee in the meetings has determined underwriting policies and set premiums rates to be commensurate with risks. It also reports the board of directors on its meeting resolutions every quarter.

8.2.7 Claims – managing committee

- (1) Claim – managing committee is responsible for the following:
- Determines claims – management policy.
 - Oversees the movement of claims payments and make sure that the loss reserve is adequate.
 - Properly manages claims disputes and make corrective measure when moral hazard arises.

(2) The claims – managing committee’s members as at 31 December 2013 were as follows:

Name	Position	Number of attendance/ total meetings	
		Number of attendance	Total meetings
1. Mr. Somboon Fusriboon	Committee Chairman	4	4
2. Miss Ratana Jaroenchaipong	Committee Member	4	4
3. Manager of Motor Claims Department	Committee Member	2	4
4. Manager of Non – Motor Insurance Department	Committee Member	4	4
5. Manager of Branch Operation Department	Committee Member	1	4

Note : Some committee members did not attended the meeting as being ill or having important issues to be done.

(3) The committee in the meetings has determined policies regarding claims procedure to be more efficient. It also reports the board of directors on its meeting resolutions every quarter.

8.3 Selection and appointment of directors and managing director

8.3.1 Independent directors

The Company’s independent directors are independent from the Company’s executives and major shareholders. On 31 December 2013, the number of independent directors amounted to more than one-third of the total number of directors and possessed qualifications in line with the SEC’s criteria, for example, holding no more than one percent of the Company’s shares entitled to vote, nor having been taking part in the Company’s management. They have no blood relationship with the management, nor having had a business relationship with the Company, and never be a Company auditor.

8.3.2 The selection and appointment of directors and managing director

8.3.2.1 Selection of the directors

The selection and remuneration committee suggests the board of directors to propose the shareholders’ meeting to elect directors in accordance with the following rules and procedure:

- (1) One shareholder shall have one vote for each share.
- (2) Each shareholder shall exercise all the votes he or she has to elect one or several persons as a director or directors, but he or she cannot divide his or her votes for any person.
- (3) After the vote, the candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all the directors positions are filled. If there is a tie in the list to be elected which would otherwise cause the number of directors to be exceeding, the chairman shall have the final say.

If any director resigns from the board of directors, at least three forth of the directors may choose some one to replace him or her, unless the director’s term remains less than 2 months.

An appointed director who replaces the one who resigned will perform his or her function only in the remaining period of the director whom he or she replaces.

In order to be in compliance with the good corporate government regarding the rights of shareholders, shareholders could nominate qualified persons to be nominated as directors in the AGM. The nomination procedure has been declared in the Company website.

As at 31 December 2013, directors representing each group of major shareholders were as follows:

- Mr. Muang Aung Htun representing the liquidator of HIH Overseas holdings Ltd.
- Mr. Somboon Fusriboon and Dr. Chotima Puasiri representing Pokkim Company Limited.
- Mr. Kumpol Techaruvichit, Miss Sumalee Jaroenchaipong, Miss Ratana Jaroenchaipong and Mr. Pairach Charoenchaipong representing N.S. Alliance Company Limited.

8.3.2.2 Selection of top executives

The selection and remuneration committee selected an qualified person and advise the board of directors to appoint him as managing director. He has knowledge, ability and experience in insurance industry to be able to achieve objectives set by the director.

8.4 The control of subsidiary and affiliate

The Company does not have subsidiary and affiliate.

8.5 Monitoring the use of internal data

The Company oversees the issue of using internal information in line with the principles of good corporate governance approved by the board of directors by setting written guidelines for storing and protecting internal information, then informing everyone in the corporation about compliance. All directors and executives with the duty of reporting the holding of securities as stipulated by the law must submit the aforementioned reports to the board of directors on a regular basis and disclose in the annual reports as follows:

- (1) The Company stipulates that directors and executives be aware of the SEC notifications, stating that directors and executives hold the duty of reporting changes to security holdings to the SEC in line with Article 59 of the Securities and stock market act of 1992 within three days from the date the change in security holdings occurs. The report must be submitted through the Company secretary to the board of directors in the next meeting. In addition, the penalty for violation or non-compliance with the aforementioned regulation is also announced.
- (2) The Company has regulations forbidding the disclosure of financial statements or other data potentially affecting the prices of the Company's securities to outside or non-relevant individuals. Failure to comply with the aforementioned regulations is considered severe violation of Company rules and regulations. Any directors, executives or staff members violating the regulations will be subject to penalties ranging from warnings, pay docking, to work suspension without pay and termination of employment.

8.6 Audit fees

The AGM No.66 resolved that audit fees were as follows

Audit Fees	(Baht)
Auditing annual financial statements	740,000
Reviewing quarterly financial statements	510,000
Non-Audit Fees	
Auditing the annual report of RBC	350,000
Reviewing interim report of RBC for second quarter	150,000
Investigating internal control on investment	100,000
Total	1,850,000

The Annual General Meeting of Shareholders No.66 dated 29 April 2013 resolved that the audit fees for 2013 were 1,850,000 Baht including fee for the investigating of internal control on investment activities amounting to 100,000 Baht. The Company had not paid the fee for doing the mentioned report because the OIC lately notified that it was unnecessarily done. Total paid fees hence were 1,750,000 Baht.

8.7 Other

We in 2013 complied with the principle of corporate governance set by the SET.

Corporate social responsibility : CSR

9. Corporate social responsibility : CSR

9.1 Corporate social and environmental responsibility policy

The Company recognizes the importance of corporate social responsibility (CSR), therefore conducting business with care given to stakeholders – the customers, the employees, the trade partners, the communities and the societies. The Company conducts business with honesty, transparency and fairness, implementing anti-corruption practices, respecting human rights, exercising fair labor treatment, consumer responsibility, environmental preservation, and helping develop communities or societies. The Company believes the CSR will help the Company to earn a good image and good relationships with investors and to make employees to be proud to work for the Company, thus retaining long-term employees. The CSR also helps cut costs and increases efficiency in the long run.

9.2 Work operations and report preparation

9.2.1 Report preparation process

The Company discloses data and prepares performance reports showing corporate social responsibilities in line with the SET criteria by paying attention to stakeholders such as customers, trade partners, communities and societies.

9.2.2 Conducting business by the Company policy (in-process)

(1) Conducting business with fairness

Part of the Company's business success is owed to support from our agents, brokers, and trade partners. Thus, the Company is acceptable when dealing with agents, brokers and trade partners with speed, fairness and straightforwardness. The Company also provides periodic training and seminars to educate its agents.

For competition, the Company's code of conduct stipulates that it must acknowledge the rights of its business rivals. It is the Company's view that free competition on the basis of fairness contributes to the country's economical improvement.

The Company does not violate intellectual properties or copyrights and it is not the Company's policy to corrupt or pay bribes to acquire business interests over its competitors.

The Company is firmly committed to building value for shareholders by consistently and carefully expanding the business with emphasis on quality rather than quantity.

(2) Anti-corruption

It is the Company's policy not to become involved with corruption, whether by demanding, receiving or paying bribes for the Company's business operations. The Company has already announced its intention to participate in the "Collective anti-corruption (CAC) project".

(3) Respect for human rights

The Company respects human rights and does not encourage human rights violations towards employees or surrounding communities and societies. The Company has open channels for accepting complaints and opinions from personnel and relevant individuals via its website. Our employees are also recommended to perform their duties with caution, so that the Company's actions will not violate the human rights of any person.

(4) Fair treatment of employees

The Company has established committee of occupation safety health and environment of the workplace, setting up policies and action plans promoting safety in the workplace. Our staff

accordingly are working in the better environment. Moreover a free annual health check-up is also provided.

Remuneration and benefits of staff are according to performance, furthermore a registered provident fund has been set up in accordance with the Provident Fund Act B.E. 2530 with authorization of the Ministry of Finance as of 24 July 1996. The rate at which the Company contributes to the fund increases depending on years of services.

The Company has human resource development schemes every year, succession plans besides are developed, employees consequently are ready to be promoted, thus accelerating their morale.

We have no intention to violate the human rights and believe that all human are equal, they cannot be discriminated on grounds of race, sex or religion. All employees are treated the same way. Male and female employees have an equal chance to be promoted.

(5) Customers and creditors

The Company believes in offering sincere services with honesty and integrity, whenever its customers face accidents in time with its motto:

“Reliable commitment and fair deals can always be expected from us”.

We have our code of conducts, aiming that claims amount must be speedily paid within 15 days since any agreement is made. The preliminary compensation to any motor vehicle victim in according with the Protection for Motor Vehicle Victims act must be paid within 7 days. The Company also returns premiums paid within 15 days since any policy expires.

Apart from that, the Company has set up complaint unit to receive complaint from policyholders. This reducing conflicts between the Company and policyholders.

We also adhere to our obligation done with creditors.

(6) Environment policy

We recognize the importance of environment protection. We encourage our staff to economically utilize electricity and papers. We have also invited external speakers to educate our staff in related issues.

(7) Society and community development

We support society and community development.

(8) Innovation in doing business with responsibility for societies, environment and stakeholders.

We send our staff to educate insured with more than 50 trucks and their truck drivers to understand transportation laws and the use of vehicles, road accidents hence could be reduced.

9.3 Activities with Social and environmental responsibility (after process)

In 2013, the Company consistently carried out activities with social and environmental responsibility as follows:

(1) Education

The Company donated books and book cabinets to Wat In School on 19 August 2013 and donated drinking water, sports equipment and writing instruments to students of Wat Huay Sapan School on 13 July 2013.

(2) Assisting the underprivileged

The Company made monetary donations to the Foundation for the Welfare of the Mentally Retarded of Thailand under the royal patronage of her majesty the queen at “Helping the Mentally Retarded day” on 3 September 2013. We moreover donated and to the Thai Blind People Foundation on 26 December 2013.

(3) Public disaster relief

The Company donated money in conjunction with the Thai General Insurance Association

on 4 October 2013 for the procurement of survival bags to be distributed to flood victims, and on 25 November 2013 to help typhoon victims in the Philippines.

For all of our activities in 2013, visit www.namsengins.co.th

9.4 Anti-corruption

9.4.1 Anti-Corruption Policy

The Company's anti-corruption policy is expressed through its participation in the Thai private sector's "Collective Anti-Corruption (CAC) project" which the Company gave an oath to join on 26 July 2013.

9.4.2 Anti-corruption procedure

The following is our anti-corruption procedure :

- (1) Risk assessment has been done to identify risks by risk-managing committee.
- (2) Operational actions for the control, prevention and monitoring are determined.
- (3) Staff are educated to understand policy and procedure concerned.
- (4) The risk-managing committee is responsible for following up the implementation of the anti-corruption policy.
- (5) The audit committee is responsible for reviewing the adequacy of overall procedure to know whether the objectives have been achieved.

Anyone knowing wrongdoing could report the Company via our website, www.namsengins.co.th. Moreover he or she could directly sent letter to the audit committee at the head office of the Company. If involving with any executive, the issue will be considered by the audit committee.

The Company protects the right of one who reports the mentioned information. We will keep his or her name secretly.



นายสมบุญ ฟุศรีบุญ กรรมการผู้อำนวยการ บมจ.นำสินประกันภัย เข้าร่วมโครงการแนวร่วมปฏิบัติของภาคเอกชนไทยในการต่อต้านการทุจริต เมื่อวันที่ 26 กรกฎาคม 2556

Mr. Somboon Fusriboon, Managing Director of Nam Seng Insurance Plc., participated in the Collective Anti-Corruption (CAC) project on 26 July 2013.



พนักงาน บมจ.นำสินประกันภัย รับรางวัลผู้สำรวจอู่เคลมเหตุรถยนต์ดีเด่น ซึ่งจัดโดยสมาคมประกันวินาศภัยไทย ประจำปี 2556 ดังนี้ นายรอชือลี ดอเลาะ ได้รับรางวัลรองชนะเลิศอันดับ 4 นายศราวุธ มุ่งเจริญ และนายเอกลักษณ์ ปลาทอง ได้รับรางวัลชมเชย เมื่อวันที่ 2 ธันวาคม 2556

Our staff members were granted Best Surveyor Award 2013 (BSA) from TGIA comprising on 2 December 2013 as follows :

Mr. Rosuelee Doloh - fourth prize, Mr. Sarawut Mungcharoen and Mr. Ekalug Plathong - honorable mention award.

Internal control and risk management

10. Internal control and risk management

10.1 Board of director's opinions

The board of directors' meeting No.11/2556-2557 held on 24 February 2014, attended by three audit directors, considered the report on the assessment of the sufficiency of the Company's internal control system. The Audit Committee deemed the internal control system to be sufficient and suitable covering the following five areas : 1) corporate internal control; 2) risk assessment; 3) operation control; 4) information and data communication systems; and 5) monitoring system. The Company has arranged an adequate number of personal to efficiently operate the internal control. The directors or the executives, in case without the Company's permission, hence, will not be able to benefit from the utilization of the Company's properties or the connected transactions. The audit committee in 2013 frequently held meetings to consider the internal audit results and subsequently reported the board of directors. In conclusion, the Company's internal control has no significant problems.

The external auditor, Mrs. Nonglak Pumnoi, the certificated public accountant No.4172 from Ernst & Young Office Limited, did not reported that the Company's internal control had any significant problem.

The audit committee does not have any opinion different from the external auditor.

10.2 Internal auditor and head of compliance unit

(1) Internal auditor

The audit committee in the meeting No. 1/2556 had appointed Audit House Co.,Ltd. as internal auditor from April 2013 to March 2014. Audit House Co.,Ltd. subsequently appointed Mr. Thana Vongsangnak, it's managing director, to be responsible for auditing the Company.

The audit committee concludes that Mr. Thana Vongsangnak has been independent and has related experience for many years. He had also attended internal control courses, including internal quality assessment, audit project management and operational auditing held by the Institute of Internal Auditors of Thailand.

The audit committee has been authorized to make decisions concerning the appointment and the removal of internal auditor. The qualification of the internal auditor in shown in attachment 2.

(2) Head of compliance unit

The Company is searching for head of compliance unit. Mr. Kochakorn Nantaphan at present is the acting head of compliance unit. He is responsible for overseeing whether the Company complied with laws and the regulations of supervisory agencies. His qualification is shown in attachment 2.

Connected transactions

11. Connected transactions

In 2013, the Company had some connected transactions with N.S.B. Co., Ltd., Dung Seng Insurance Broker Co., Ltd. and Asia Hotel Plc. as follows:

11.1 N.S.B. Co., Ltd.

11.1.1 Details of the connected transactions

- | | | |
|---|---|--|
| (1) Connected persons | : | N.S.B. Co., Ltd. |
| (2) Relationship | : | N.S.B. Co., Ltd. is a juristic person in which the major shareholders of the Company hold more than 10% of the total shares. |
| (3) Business type | : | Property developer |
| (4) Major shareholders
(% of total shares) | : | N.S. Alliance Company Limited 37.50%
Pokkim Company Limited 62.50% |

The value of the connected transactions between the Company and N.S.B. Co., Ltd. in 2013 and 2012 were stated in the Auditors' notes to the financial statements for 2013.

11.1.2 The rationale, policy and trend of the connected transactions

On 15 April 1994, the Company entered into a construction contract with N.S.B. Co., Ltd. and employed N.S.B. Co., Ltd. to build an office building on the Company's land, with the consent of the Department of Insurance, under the following conditions:

- (1) N.S.B. Co., Ltd. was granted the right to utilize and to lease out the office building spaces for a period, commencing from 1 December 1994 through 30 November 2014, and has the right to collect the rental fees or any remuneration. Upon termination of the contract, N.S.B. Co., Ltd. shall return the property in sound condition.
- (2) The Company has the right to utilize 5,085 square meters of the office space with 1,275 square meter of parking space, however it had to pay N.S.B. Co., Ltd. service fees at 305 Baht per square meter per month. The Company had also rented additional space of 628 square meters until 30 November 2014. Rents and service fees for the space of 628 square are 437 Baht per square meter per month.

N.S.B. Co., Ltd. had proposed that it would pay rents and service fees in advance from 1 September 2013 to 30 September 2014 with discount of 3.92% annually. The board of directors had negotiated until N.S.B. Co., Ltd. finally agreed that the discount should be 4%.

The Company has a long – term agreement with N.S.B. Co., Ltd. If its business expands the Company could rent additional area, in compliance with the regulation of the SEC.

11.2 Dung Seng Insurance Broker Co., Ltd.

11.2.1 Details of the connected transactions

- | | | |
|---|---|--|
| (1) Connected persons | : | Dung Seng Insurance Broker Co., Ltd. |
| (2) Relationship | : | Dung Seng Insurance Broker Co., Ltd. is subsidiary of a juristic person in which the major shareholders of the Company hold more than 10% of the total shares. |
| (3) Business type | : | Insurance broker |
| (4) Major shareholders
(% of total shares) | : | N.S.B. Co., Ltd. 95.20% |

The value of connected transactions between the Company and Dung Seng Insurance Broker Co., Ltd. in 2013 and 2012 were stated in the auditors' notes to the financial statements for 2013.

11.2.2 The rationale, policy and trend of the connected transactions

The Company has made transactions with Dung Seng Insurance Broker Co., Ltd., because Dung Seng Insurance Broker Co., Ltd., as a broker, has been doing business with the Company's agents for a long time without any significant problem.

The Company has a policy to give a chance for all brokers to conduct business with the Company fairly. The commission rates the Company offers Dung Seng Insurance Broker Co., Ltd. are not different from those received by other brokers under the regulations of the OIC.

11.3 Asia Hotel Plc. and subsidiary

11.3.1 Details of the connected transactions

(1) Connected persons	:	Asia Hotel Plc. and subsidiary
(2) Relationship	:	The former chairman of the Company was chairman and managing director of Asia Hotel Plc.
(3) Business type	:	Hotel
(4) Major shareholders (% of total shares)	:	A.B.K.Enterprise Co., Ltd. 46.33% Mrs. Pornpun Tanariyakul 10.85% Mr. Wuthimate Lertwilai 3.60%

The value of connected transactions between the Company and Asia Hotel Plc. and subsidiary in 2013 and 2012 were stated in the auditors' notes to the financial statements for 2013.

Note : The former chairman of the Company, Mr. Kampol Techaruvichit, who was the former chairman and managing director of Asia Hotel Plc. passed away on 16 December 2013.

11.3.2 The rationale, policy and trend of the connected transactions

The Company has made transactions with Asia Hotel Plc. and subsidiary in the ordinary course of business, because Asia Hotel Plc. and subsidiary have been doing business with the Company for a long time.

The Company has approved the transactions with Asia Hotel Plc. and subsidiary as normal business practice. The insurance premium rates the Company offers Asia Hotel Plc. and subsidiary are under the regulations of the OIC.

Audit committee's opinion on connected transactions and connected persons

After having examined the connected transactions between Nam Seng Insurance Plc. and the connected persons, stated in the Company's annual disclosure of information for 2013 (form 56-1) and the annual report for 2013 (form 56-2), we, Mr. Yongyuth Phusanti, Mr. Napadol Putarungsi and Mr. Sombat Puthavolvong, as members of the audit committee, remark that the transactions arise due to the utilization of building of which rent and service fee are depend on the size of the utilization area. It could be classified as one related with lease contract done to support the business of the Company. Other transactions occurred in the ordinary course of business with fair dealing, the agreed remunerations are also in line with the normal market prices.

Note : Mr. Sant Chotipruk had been appointed as the chairman of the board of directors by the directors's meeting no. 10/2556-2557 held on 24 January 2014 he, as a result, resigned from the audit committee. The board of directors subsequently appointed Mr. Yongyuth Phusanti the chairman of audit committee. Mr. Sombat Puthavolvong was also appointed as the committee's member.

Financial highlights

12. Financial highlights

Summary of financial operations and statement

(Unit: Million Baht)

	2013	2012	2011
Gross Written Premium	1,696.52	1,389.45	1,170.33
Net Written Premium	1,578.18	1,301.60	1,098.71
Earned Premium	1,468.41	1,161.42	1,096.03
Income on Investment	106.48	125.87	63.13
Other Income and Gain on sale of assets	8.58	11.49	138.87
Total Expenses	1,394.73	1,252.61	1,146.84
Net Profit (Loss)	183.01	63.22	117.27
Earning per Share (Baht)	13.17	4.55	8.44
Numbers of stocks (Million shares)	13.9	13.90	13.90
Total Assets	2,965.36	2,950.67	2,873.42
Total Liabilities	1,792.50	1,908.77	1,895.97
Shareholder's Equity	1,172.86	1,041.90	977.45
Book Value (Baht/Share)	84.38	74.96	70.32

Dividend payment compared to profit.

(Unit: Baht)

	2013	2012	2011
Dividend / Share 1/	n/a	1.00	1.00
Earning per Share	13.17	4.55	8.44
Par Value	10.00	10.00	10.00
Payout Ratio (%)	n/a	21.99	11.85

Remark : 1/ The dividend for 2013 operation is subject to the general meeting of shareholders to make decision.

Financial highlights

		2013	2012	2011
Liquidity Ratio				
Liquid Asset / Loss Reserves and Outstanding claims	(%)	347.81	202.16	144.09
Liquid Asset / Insurance Liabilities	(%)	148.60	114.47	98.40
Aging of Premium Receivables	(Days)	41.26	43.86	47.10
Profitability Ratio				
Retention Rate	(%)	107.48	112.07	100.24
Loss Ratio	(%)	48.09	55.78	56.52
Gross Profit Margin	(%)	7.41	(4.37)	(1.95)
Combined ratio	(%)	92.74	105.64	102.61
Return on Investment	(%)	5.39	7.24	3.95
Written Premium / Equity	(Times)	1.43	1.29	1.24
Net Profit Margin	(%)	10.10	4.14	8.55
Return on Equity	(%)	16.53	6.26	13.22
Efficiency Ratio				
Return on Assets	(%)	6.19	2.17	4.71
Assets Turnover	(Times)	0.55	0.45	0.53
Financial Ratio				
Liability / Equity	(Times)	1.53	1.83	1.94
Policy Liability to Capital Fund	(Times)	1.23	1.52	1.73
Premium Reserve / Equity	(Times)	0.71	0.68	0.57
Premium Reserve / Assets	(Times)	0.28	0.24	0.19
Payout Ratio ^{1/}	(%)	n/a	21.99	11.85

Remark : ^{1/} The dividend for 2013 operation is subject to the general meeting of shareholders to make decision.

Statement of financial position

As at 31 December 2013

(Unit: Million Baht)

	2013		2012		2011	
	Amount	%	Amount	%	Amount	%
Assets						
Cash and cash equivalents	161.74	5.45%	66.39	2.25%	46.64	1.62%
Accrued investment income	14.55	0.49%	14.57	0.49%	11.83	0.41%
Premium receivables	192.93	6.51%	168.26	5.70%	151.19	5.26%
Reinsurance assets	317.53	10.71%	622.12	21.08%	728.12	25.34%
Investment assets						
Investments in securities						
Trading investments	41.71	1.41%	49.32	1.67%	50.00	1.74%
Available-for-sale investments	242.07	8.16%	289.38	9.81%	362.80	12.63%
Held-to-maturity investments	1,680.73	56.68%	1,401.64	47.50%	1,195.08	41.59%
Other investments	2.22	0.07%	2.22	0.08%	2.22	0.08%
Loans	7.07	0.24%	6.78	0.23%	6.66	0.23%
Properties foreclosed	15.15	0.51%	20.84	0.71%	24.89	0.87%
Property, buildings and equipment	155.62	5.25%	162.67	5.51%	167.42	5.83%
Intangible assets	1.69	0.06%	2.53	0.09%	0.14	0.00%
Deferred tax assets	84.14	2.84%	89.31	3.03%	81.74	2.84%
Other assets	48.22	1.63%	54.64	1.85%	44.71	1.56%
Total assets	2,965.36	100.00%	2,950.67	100.00%	2,873.42	100.00%
Liabilities						
Income tax payable	12.04	0.41%	-	0.00%	-	0.00%
Due to reinsurers	157.30	5.30%	153.81	5.21%	67.93	2.36%
Insurance contract liabilities						
Loss reserves and outstanding claims	604.28	20.38%	882.43	29.91%	1,130.89	39.36%
Premium reserves	832.84	28.09%	703.78	23.85%	559.55	19.47%
Employee benefit obligations	48.70	1.64%	42.57	1.44%	39.22	1.36%
Accrued commissions	41.25	1.39%	40.20	1.36%	33.08	1.15%
Premium received in advance	22.26	0.75%	25.07	0.85%	13.73	0.48%
Deferred tax liabilities	0.23	0.01%	10.73	0.36%	3.86	0.13%
Other liabilities	73.61	2.48%	50.19	1.70%	47.72	1.66%
Total liabilities	1,792.50	60.45%	1,908.77	64.69%	1,895.97	65.98%

Statement of financial position (continued)

As at 31 December 2013

(Unit: Million Baht)

	2013		2012		2011	
	Amount	%	Amount	%	Amount	%
Equity						
Share capital						
Registered						
20,000,000 ordinary shares of Baht 10 each	200.00	6.74%	200.00	6.78%	200.00	6.96%
Issued and paid-up						
13,900,000 ordinary shares of Baht 10 each	139.00	4.69%	139.00	4.71%	139.00	4.84%
Premium on share capital	594.44	20.05%	594.44	20.15%	594.44	20.69%
Retained earnings						
Appropriated						
Legal reserve	24.85	0.84%	24.85	0.84%	24.85	0.86%
Others	6.16	0.21%	6.16	0.21%	6.16	0.21%
Unappropriated	416.88	14.06%	247.77	8.40%	198.43	6.91%
Other components of equity	-8.46	-0.29%	29.68	1.01%	14.57	0.51%
Total equity	1,172.86	39.55%	1,041.90	35.31%	977.45	34.02%
Total liabilities and equity	2,965.36	100.00%	2,950.67	100.00%	2,873.42	100.00%

Statements of comprehensive income

For the year ended 31 December 2013

(Unit: Million Baht)

	2013		2012		2011	
	Amount	%	Amount	%	Amount	%
Income						
Net earned premium	1,468.41	100.00%	1,161.42	100.00%	1,096.03	100.00%
Fee and commission income	32.89	2.24%	25.66	2.21%	22.18	2.02%
Total income	1,501.30	102.24%	1,187.08	102.21%	1,118.21	102.02%
Expenses						
Underwriting						
Claims expenses						
Claims and losses adjustment expenses	789.35	53.76%	726.42	62.55%	691.83	63.12%
Commission and brokerage expenses	278.01	18.93%	235.83	20.31%	198.10	18.07%
Other underwriting expenses	36.83	2.51%	31.49	2.71%	28.31	2.58%
Contribution to Road Accident Victims Protection Company Limited	18.05	1.23%	15.95	1.37%	15.68	1.43%
Operating expenses	262.11	17.85%	234.21	20.17%	205.67	18.76%
Total underwriting expenses	1,384.34	94.27%	1,243.90	107.10%	1,139.59	103.97%
Gains (Losses) from underwriting	116.96	7.97%	(56.82)	-4.89%	(21.38)	-1.95%
Net investment income	91.82	6.25%	85.94	7.40%	58.91	5.37%
Gains on investments	30.05	2.05%	24.50	2.11%	2.13	0.19%
Fair value gains (losses)	(15.39)	-1.05%	15.43	1.33%	2.10	0.19%
Other income						
Gain on sale of assets	2.59	0.18%	2.08	0.18%	120.24	10.97%
Others	5.98	0.41%	9.40	0.81%	18.62	1.70%
Profit from operations	232.01	15.80%	80.53	6.93%	180.62	16.48%
Contribution to the Office of Insurance Commission	4.71	0.32%	3.95	0.34%	3.39	0.31%
Contribution to the General Insurance Fund	4.21	0.29%	3.45	0.30%	2.58	0.24%
Contribution to the Victims Compensation Fund	1.47	0.10%	1.30	0.11%	1.28	0.12%
Profit before income tax expenses	221.62	15.09%	71.83	6.18%	173.37	15.82%
Income tax expenses	38.61	2.63%	8.61	0.74%	56.10	5.12%
Profit for the period	183.01	12.46%	63.22	5.44%	117.27	10.70%
Other comprehensive income						
Gains (losses) on changes in values of available -for-sale investments	(47.69)		18.89		(14.90)	
Income tax relating to components of other comprehensive income	9.54		(3.78)		-	
Other comprehensive income for the year	(38.15)		15.11		(14.90)	
Total comprehensive income for the year	144.86		78.33		102.37	
Earnings per share	13.17		4.55		8.44	

Statements of cash flows

For the year ended 31 December 2013

Unit: Million Baht)

	2013	2012	2011
Cash flows from operating activities :			
Direct premium written	1,655.97	1,375.66	1,152.48
Cash received for reinsurance	156.48	15.39	54.06
Losses incurred of direct insurance	(880.79)	(770.81)	(671.89)
Losses adjustment expenses of direct insurance	(93.68)	(80.52)	(73.47)
Commissions and brokerages of direct insurance	(271.10)	(225.31)	(188.87)
Other underwriting expenses	(54.88)	(47.44)	(43.99)
Interest income	55.53	82.60	41.74
Dividend income	36.31	40.52	18.50
Other investment expenses	(1.57)	(42.31)	(4.43)
Other income	8.58	11.49	138.87
Operating expenses	(217.65)	(226.95)	(204.29)
Other expenses	14.83	(13.09)	0.20
Income tax	(22.37)	(2.37)	(61.18)
Net cash from operating activities	385.67	116.86	157.74
Cash flows from investing activities :			
Cash flows from			
Investments in securities	2,229.83	1,652.11	863.82
Loans	3.55	2.67	10.19
Property, buildings and equipment	0.40	0.98	0.04
Net cash from investing activities	2,233.78	1,655.76	874.05
Cash flows used in			
Investments in securities	2,485.45	1,723.38	996.39
Loans	3.84	2.79	2.67
Property, buildings and equipment	20.85	10.27	16.88
Intangible assets	0.06	2.55	3.94
Net cash used in investing activities	2,510.20	1,738.99	1,019.87
Net cash used in investing activities	(276.42)	(83.23)	(145.83)
Cash flows from financing activities :			
Dividend paid	(13.90)	(13.89)	0.00
Net cash used in financing activities	(13.90)	(13.89)	0.00
Net increase in cash and cash equivalents	95.35	19.74	11.91
Cash and cash equivalents at beginning of year	66.39	46.64	34.74
Cash and cash equivalents at end of year	161.74	66.39	46.64

Management discussion and analysis

13. Management discussion and analysis

13.1 Overall performance and significant changes

The competition in insurance business in 2013 was intensified, The Company thus carefully determined the rates of insurance premiums in order to reduce underwriting risks. Meanwhile we improved our services. For example a new software had been utilized to support motor claims assessments and to determine the cost of car repairs. We believe that the services improvement will strengthen our brand loyalty.

13.2 Underwriting performance and profitability

The Company's direct premiums in 2013 was 1,683.52 million Baht, an increase of 302.53 million Baht, or 21.91%, which was close to our target, compared with 13.12% of the growth of insurance business.

The ratio of claims over net earned premiums declined from 55.78% in 2012 to 48.09% in 2013 because we had adjusted our premium rates to be compatible with associated risks. The ratio of operating expenses over net earned premiums also dropped from 20.17% in the previous year to 17.85% in the reported year because we had controlled our manpower and expenses concerned, Our combined ratio therefore decreased from 105.64% in 2012 to 92.74% in 2013. As a result, profit from underwriting rose by 173.78 million Baht.

The Company had investment income including gains on the sales of investments in 2013 amounting to 106.48 million Baht which decreased by 19.39 million Baht because of the fluctuation of the price of stocks. After considering overall financial situation we believe that investment yield of 5.39% is satisfactory.

The profit for the year of 183.01 million Baht was realized in 2013, an increase of 119.79 million Baht, because the increase of underwriting profit as mentioned above.

Our profitability therefore improved as follows;

- Net profit margin in 2013 rose to 10.10% from 4.14% in 2012.
- Gross profit margin in 2013 rose to 7.41% from -4.37% in 2012.
- ROE increased from 6.26% in 2012 to 16.53% in 2013.
- EPS increased from 4.55 Baht in 2012 to 13.17 Baht in 2013.

The Company did not submit disclosure for the sale of securities in the reported year.

13.3 Assets management

(1) Structure of assets

The Company's assets totaling 2,965.36 million Baht as of the end of 2013 were composed of the following :

- Investment in securities, loans, cash and deposits, totaling 2,135.54 million Baht, or 72.02% of total assets.
- Premised and equipment amounting to 155.62 million Baht, or 5.25% of total assets.
- Premiums due amounting to 192.93 million Baht, or 6.51% of total assets.
- Other assets were 481.27 million Baht, or 16.23% of total assets.

Total assets as of the end of 2013 increased by 14.69 million Baht because of the rise of the investment assets. They increased by 319.80 million Baht. We had the net cash flows from operating activities of 385.67 million Baht, the Company consequently purchased more financial instruments. We also paid dividends in the reported year amounting to 13.90 million Baht.

(2) The quality of assets

We diversified our financial instruments in order to diversify associated risks in according to the notification of the OIC.

The investment assets as of 31 December 2013 were composed of the following :

Unit : million Baht	
1. Government and state enterprise securities	514.73
2. Unit trusts	225.47
3. Private enterprise debt securities	158.00
4. Stocks listed on the SET	58.31
5. Other stocks	2.22
Total	958.73

The value of the mentioned assets were booked in our financial report at fair price in accordance with accounting standard as follows :

- a. Investments in securities held for trading are stated at the fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b. Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in comprehensive income.
- c. Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortized cost.

Details has been shown in notes to financial statements.

Premium receivables as of 31 December 2013 were 192.93 million Baht. We set aside 23.78 million Baht of allowance for doubtful accounts as they were overdue for more than 2 months. We believe that the allowance was adequate

We recommended premium receivables to pay money in accordance with the principle of Cash Before Cover (CBC) set by the OIC. The aging of the premiums receivables as of 31 December 2013 was 1.38 months. Moreover the amount assessed by the registrar was 93.10% of the premiums receivables reported in the financial statements.

Loans as of 31 December 2013 was 7.07 million Baht. We set aside 0.52 million Baht of allowance for doubtful accounts which is believed to be adequate.

(3) Assets management

Indicators concerning assets management were better in 2013 as ROA increased from 2.17% in 2012 to 6.19% in 2013 and the asset turnover ratio improved from 0.45 times in the previous year to 0.55 times in the reported year.

(4) Liquidity and capital adequacy

a. Source and use of funds

The sources of funds were the equity and insurance contract liabilities. The Company did not borrow money from any financial institution as our cash flows from operating were adequate.

Majority of our liabilities was the insurance contract liabilities totalling 1,437.12 million Baht. Most of there could be considered as short term debts. We had prepared liquid assets amounting to 1.68 times greater than the insurance contract liabilities. The mismatch of funding hence is not expected to occur.

b. Capital adequacy

Our equity rose from 1,041.90 million Baht as at the end of the previous year to 1,172.86 million Baht as at the end of 2013, the Company opened overdraft accounts with a bank, amounting to 10 million Baht, secured by bonds issued by state enterprises in order to support normal business operations, however having no overdraft outstanding as at 31 December 2013, due to our adequate liquidity.

The debt to equity ratio decreased to 1.53 times as at the end of 2013 from 1.83 times as at the end of 2012.

Regarding capital adequacy, according to the Non-life insurance Act, any non-life insurance company must maintain the capital fund at amount determined by the OIC, in line with the amount of assets, liabilities or associated risks. Our capital fund, as appraised by the registrar as at the end of September 2013, was 1,315.80 million Baht, or equivalent to 504.83% of the capital required set by the registrar, signifying our financial strength.

c. Liquidity

The Company had cash flows from operating activities amounting to 385.67 million Baht.

Our Liquidity was adequate, as our liquid assets were 1.68 times greater than the insurance liabilities in accordance with the regulation of the registrar.

d. Contractual obligations and off - balance sheet arrangements

The Company had no contractual obligations and off - balance sheet arrangements.

e. Factors effecting financial position or future operation

We have set our strategic objective that we will sustainably grow. The Company however would be faced the economic fluctuations, market competition and so on, we therefore have prepared adequate capital to support the business expansion for at least 3 years.

Access to the Company's form 56-1

14. Access to the Company's form 56-1

Investors could access to the Company's form 56-1 through www.sec.or.th.

Statement of directors' responsibilities

15. Statement of directors' responsibilities

The board of directors of Nam Seng Insurance Plc., the management and the external auditor have reviewed the company's financial statements for the year ended 31 December 2013 and concluded that the Company has conformed to accepted accounting policies, and applies them consistently. In addition, the report is supported by reasonable and prudent judgment and estimates.

The board of directors is also responsible for the presentation of accurate and complete financial information and has set appropriate measure to protect the value of the Company's assets. It also has suitable internal control in a way as to prevent any fraud or mismanagement of the Company's assets.

The directors also maintain the principles of good corporate governance. Although having not achieved some objectives, we aim to improve our performance.



(Mr. Sant Chotipruk)
Chairman



(Mr. Somboon Fusriboon)
Managing Director

Report of audit committee

Nam Seng Insurance Public Company Limited

Report of audit committee

The board of directors of Nam Seng Insurance Plc. has set up the audit committee comprising 3 independent directors. The board of director on 24 January 2014 appointed Mr.Yongyuth Phusanti the chairman of audit committee, replacing Mr. Sant Chotipruk who had resigned from the audit committee to be the chairman of the board of directors Mr. Sombat Puthavolvong was also appointed as the member of audit committee. The audit committee consequently comprises Mr.Yongyuth Phusanti, Mr. Napadol putarungsi and Mr. Sombat Puthavolvong, while Dr. Abhijai Chandrasen is a consultant to the committee.

In 2013 the committee held 5 meeting in which all the committee members and the consultant attended. The committee also frequently discussed with both internal and external auditors without the management in order to approve internal auditing plan and considered internal auditing reports as well as quarterly and yearly financial statements, so as to ensure that financial reports were accurate and reliable.

The audit committee has functioned duties as assigned by the board of directors in accordance with the audit committee charter and notifications of the Stock Exchange of Thailand and the Securities and Exchange Commission, including the review of financial statements, the review of internal control, the review of good corporate governance, the review of connected transactions, the review of risk management, the supervision of internal audit, and the nomination of the external auditor. The following activities were undertaken by the committee:

The review of quarterly and yearly financial statements for the year ended 2013.

The audit committee reviewed the quarterly and yearly audited financial statements for the year ended 2013. The committee has discussed with the external auditor regarding scope, method, timing of the auditing, significant adjustment, and the recommendations of the auditor together with the management's reactions to the advices of the auditor. Its objective is to ensure that the Company's financial statements are accurate and report adequate data. The committee has also informed the board of directors on important results from the review of financial reports and followed up the rectification of problems that they are rectified within reasonable time.

The review of internal control.

The audit committee reviewed the Company's internal control system to make sure that it is good enough for business operation, and the objectives of internal control are achieved both efficiently and effectively. Both audit committee and external auditor believe that the Company's internal control is appropriate without significant pitfalls which will be risk factors seriously effecting business operation. Moreover the committee has advised the management to be in compliance with the recommendation of internal auditor external auditor, and the regulatory units, so that the Company's operation will be effective.

The review of good corporate governance.

The audit committee reviewed the company's corporate governance and working system to ensure the Company operation is in accordance with laws, regulation and the notification of the OIC, bringing about the confidence of shareholders, investors and all stakeholders. The audit committee encourages the Company suitably adjusts itself on time to be in accordance with changing regulations. Apart from that, the audit committee have evaluated itself and concluded that its performance is very satisfactory and achieved the objectives set by the audit committee's charter.

The review of connected transactions

The audit committee reviewed the connected transactions in order to ensure that the transactions occurred in the ordinary course of business with fair dealing and were in accordance with the notifications of the Stock Exchange of Thailand and the Securities and Exchange Commission. It also gave some comments about the rationale of the connected transactions, after considering their conditions, effects and the benefit of the Company.

The review of risk management

The audit committee supervised the process of risk management by reviewing the risk management plan to make sure that the Company has managed risks at an acceptable level. The committee recommended the management to review the risk management regarding underwriting activities which are the essential part of insurance business with care. The audit committee has also acknowledged the changes of regulations concerned and recommended the management to set up the good corporate governance.

The supervision of internal audit

The audit committee reviewed the annual and 3 – year auditing plans which were set in line with the Company's risks in compliance with its strategy and objectives. It also reviewed internal auditing reports, provided advices, and followed up the rectifications of significant problems revealed by the internal auditing reports in order to promote the good corporate governance and adequate internal control.

The nomination of external auditor for 2014

The audit committee had considered the qualification of external auditors and advised the board of directors to recommend the annual general meeting of shareholders to appoint Mrs. Nonglak Pumnoi, C.P.A., Registration No.4172 or Miss Somjai Khunapasut, C.P.A. Registration No.4499 or Miss Rachada Yongsawadvanich, C.P.A. Registration No.4951 from Ernst & Young Office Limited. as the Company's external auditor for 2014. The committee also advised the board of director to recommend the general meeting of shareholders to approve the audit fee not more than 1,850,000 Baht.

The audit committee has prudently transparently and independently functioned its duties to benefit the Company and shareholders. The committee believes that the Company's financial statements are accurate and adequate in accordance with the financial reporting standards. The Company has done business with effective and sufficient risk management and internal control in accordance with regulations and related laws, with reliable corpora governance. Besides it has been complied with regulations concerned.



(Mr.Yongyuth Phusanti)

Chairman, Audit Committee

24 February 2014

Attachment 1

Details of directors, executives and the Company secretary as of 31 December 2013.

1. Directors

Name	Position (year in which he/she was appointed)	Age	Education	% of shares held	Family relation	legal punishment	Training Course	Work experience within 5 years		
								From - To	Position	Company
1. Mr. Somboon Fusriboon	Vice Chairman (2008)	56	H.N.D. Maths Statistics & Computing, Hatfield Polytechnic, England.	0.50%	Stepbrother of Miss Ratana Stepbrother of Miss Sumalee	- None -	DAP	2008 - Present	Vice Chairman and Managing Director	Nam Seng Insurance Plc.
	1998 - 2008							Director and Deputy Managing Director	Nam Seng Insurance Plc.	
	2008 - Present							Vice Chairman	N.S.Alliance Co.,Ltd.	
	1976 - 2008							Director	N.S.Alliance Co.,Ltd.	
2. Mr. Vithun Patanarat	Chairman of Executive Committee (2008)	66	Master of Business Administration, University of Kansas, USA	0.05%	- None -	- None -	DAP	2008 - Present	Vice Chairman	Pokkim Co.,Ltd.
	1990 - 2008							Director	Pokkim Co.,Ltd.	
	2008 - Present							Vice Chairman	N.S.B. Co.,Ltd.	
	1993 - 2008							Director	N.S.B. Co.,Ltd.	
2008 - Present	Independent Director	Zeer Property Plc.								
3. Miss Ratana Jaroenchaipong	Director (1980)	54	H.N.D. Maths Statistics & Computing, Bristol Polytechnic, England.	0.56%	Stepsister of Mr. Somboon	- None -	DAP	2013 - Present	Director	Nam Seng Insurance Plc.
	1992)							Director and Deputy Managing Director	Nam Seng Insurance Plc.	
	2008)							Executive Director		
	1993)							Executive Director		
4. Miss Sumalee Jaroenchaipong	Committee Member of Investment Committee (1999)	61	Certificate in Administrative Management, Siriripiyoo School	0.94%	Stepsister of Mr. Somboon	- None -	DAP	2006 - Present	Director and Deputy Managing Director	Nam Seng Insurance Plc.
	1992)							Director	N.S.Alliance Co.,Ltd.	
	2002)							Executive Director	Pokkim Co.,Ltd.	
	1999)							Committee Member of Investment Committee	N.S.B. Co.,Ltd.	
4. Miss Sumalee Jaroenchaipong	Director (1991)	61	Certificate in Administrative Management, Siriripiyoo School	0.94%	Stepsister of Mr. Somboon	- None -	DAP	8/2012 - Present	Director	Nam Seng Insurance Plc.
	1991)							Director and Senior Manager	Nam Seng Insurance Plc.	
	1991)							Director and Manager of Personnel Department	Nam Seng Insurance Plc.	
	1991)							Director and Acting Manager of Personnel Department	Nam Seng Insurance Plc.	
4. Miss Sumalee Jaroenchaipong	Director (1991)	61	Certificate in Administrative Management, Siriripiyoo School	0.94%	Stepsister of Mr. Somboon	- None -	DAP	1976 - 2008	Director and Manager of Office Administration Department	Nam Seng Insurance Plc.
	1991)							Director	Nam Seng Insurance Plc.	
	1991)							Director	N.S.Alliance Co.,Ltd.	
	1991)							Director	Pokkim Co.,Ltd.	
4. Miss Sumalee Jaroenchaipong	Director (1991)	61	Certificate in Administrative Management, Siriripiyoo School	0.94%	Stepsister of Mr. Somboon	- None -	DAP	1993 - Present	Director	N.S.B. Co.,Ltd.
	1991)							Director	Pokkim Co.,Ltd.	
	1991)							Director	N.S.B. Co.,Ltd.	
	1991)							Director	N.S.B. Co.,Ltd.	

Name	Position (year in which he/she was appointed)	Age	Education	% of shares held	Family relation	legal punishment	Training Course	Work experience within 5 years		
								From - To	Position	Company
5. Mr. Paichach Charoenchaipong	Director (1983)	56	Master of Management, Mahidol University	0.27%	Cousin of Miss Retana	- None -	DAP RCC	1983 - Present	Director	Nam Seng Insurance Plc.
	Committee Member of Selection and Remuneration (2005)							1976 - Present	Director	N.S.Alliance Co.,Ltd.
	Independent Director (1991)							1993 - Present	Director	N.S.B. Co.,Ltd.
	Committee Member of Audit Committee (1999)							1991 - Present	Managing Director	Sin Phabul Group Co.,Ltd.
6. Mr. Yongyuth Phusanti	Independent Director (1991)	60	M.S. in Sanitary Engineering Syracuse University, USA.	0.01%	- None -	- None -	DAP	1978 - Present	Managing Director	Sin Phabul Sawmill Co.,Ltd.
	Committee Member of Audit Committee (1999)							1991 - Present	Director	Nam Seng Insurance Plc.
	Independent Director (1996)							1976 - Present	Director	N.S.Alliance Co.,Ltd.
	Chairman of Audit Committee (1999)							1993 - Present	Director	N.S.B. Co.,Ltd.
7. Mr. Sant Chotipruk	Independent Director (1996)	79	Bachelor's Degree in Commerce, Thammasat University	- None -	- None -	- None -	DAP	1991 - Present	Managing Director	Thai Heng Seng Limited Partnership
	Chairman of Audit Committee (1999)							1996 - Present	Director	Nam Seng Insurance Plc.
	Committee Member of Selection and Remuneration Committee (2005)							2006 - 2009	Advisor	Foundation of Fund for Development of Primary Market for Securities
	Independent Director (1996)							1996 - 2006	Managing Director	Foundation of Fund for Development of Primary Market for Securities
8. Mr. Napadol Putarungsri	Independent Director (2001)	55	Master's Degree in Engineering (Electrical), Lamar University, USA.	- None -	- None -	- None -	DAP RCC	1993 - 1995	Executive Vice President	The Industrial Finance Corporation of Thailand.
	Committee Member of Audit Committee (2001)							2005 - Present	Chairman of Selection and Remuneration Committee	Nam Seng Insurance Plc.
	Chairman of Selection and Remuneration Committee (2005)							2001 - Present	Director and Committee Member of Audit Committee	Nam Seng Insurance Plc.
	Independent Director (2003)							1997 - Present	Manager of Electrical & Mechanical Engineering Department	EPSILON Co.,Ltd.
9. Mr. Muang Aung Htun	Director (2003)	53	Bsc.Eng.(Hons), University of London, England.	None	- None -	- None -	DAP	2003 - Present	Director	Nam Seng Insurance Plc.
	Executive Director (2008)							2013 - Present	Director	Myanmar Investments International PLC.
	Independent Director (2005)							2012 - Present	Director	Wutisak Clinic Inter Group Co.,Ltd.
	Committee Member of Selection and Remuneration Committee (2005)							2010 - Present	Director	KT ZMICO Securities Co.,Ltd.
								2007 - Present	Director	Thai Strategic Partners II LP
								2007 - Present	Director	Thai Strategic Capital Management Co., Ltd.
								2000 - Present	Director	Imperial Technology Management Services Plc.
								1999 - Present	Director	Drago P.C.B. Plc.

Name	Position (year in which he/she was appointed)	Age	Education	% of shares held	Family relation	Legal punishment	Training Course	Work experience within 5 years		
								From - To	Position	Company
10. Mr.Sombat Puthavolvong	Independent Director (2012)	56	Faculty of Business Administration Ramkhamhaeng University.	- None -	- None -	- None -	DAP	2012 - Present 1983 - Present	Director Managing Director	Nam Seng Insurance Plc. Ruam sombat charoen Co.,Ltd.
11.Dr. Cholima Puasiri	Director (2009)	35	PHD Business Administration, Ramkhamhaeng University, Bangkok Thailand.	0.55%	- None -	- None -	DAP	2009 - Present 1/2012 - Present 2008 - 2011 2008 - Present 2008 - Present 2008 - Present	Director Manager of Non - Motor Insurance Department Manager of Office Administration Department Director Director Director	Nam Seng Insurance Plc. Nam Seng Insurance Plc. Nam Seng Insurance Plc. N.S.Alliance Co.,Ltd. N.S.B. Co.,Ltd. Asia Hotel Plc.

Note DAP means the Directors Accreditation Program held by the IOD
RCC means the Role of the Compensation Committee held by the IOD

2. Executives 1/

Name	Position (year in which he/she was appointed)	Age	Education	% of shares held	Family relation	legal punishment	Work experience within 5 years		
							From - To	Position	Company
1. Mr. Somboon Fusthboon	Managing Director (2008)	56	H.N.D. Maths Statistics & Computing, Hatfield Polytechnic, England.	0.50%	Stepbrother of Miss Ratana Stepbrother of Miss Sumalee	- None -	2008 - Present	Vice Chairman and Managing Director	Nam Seng Insurance Plc.
							1997 - 2008	Deputy Managing Director	Nam Seng Insurance Plc.
							2004 - 2009	Acting Manager of Special Project Department	Nam Seng Insurance Plc.
							2008 - Present	Vice Chairman	N.S.Alliance Co.,Ltd.
							1976 - 2008	Director	N.S.Alliance Co.,Ltd.
							2008 - Present	Vice Chairman	Pokkiri Co.,Ltd.
							1990 - 2008	Director	Pokkiri Co.,Ltd.
2. Miss Ratana Jaroenchaipong	Deputy Managing Director (2006)	54	H.N.D. Maths Statistics & Computing, Bristol Polytechnic, England.	0.56%	Stepsister of Mr. Somboon	- None -	2006 - Present	Deputy Managing Director	Nam Seng Insurance Plc.
							1997 - 2006	Assistant Managing Director	Nam Seng Insurance Plc.
							1976 - Present	Director	N.S.Alliance Co.,Ltd.
							1990 - Present	Director	Pokkiri Co.,Ltd.
							1993 - Present	Director	N.S.B. Co.,Ltd.
							2006 - Present	Independent Director	Zeer Property Plc.
							2006 - Present	Deputy Managing Director	Nam Seng Insurance Plc.
3. Mr. Padet Dokchan	Assistant to Managing Director, Acting Manager of Information Technology Center (2006)	56	Bachelor of Electrical Engineering, King Mongkut Institute of Technology Ladkrabang Campus	- None -	- None -	- None -	2006 - Present	Assistant to Managing Director, Acting Manager of Information Technology Center Manager of Information	Nam Seng Insurance Plc.
							2001 - 2006	Technology Center Manager of Information	Nam Seng Insurance Plc.
							1998 - 2000	Assistant Manager of Motor Underwriting Department	Nam Seng Insurance Plc.
							2010 - Present	Assistant to Managing Director	Nam Seng Insurance Plc.
							2010 - Present	Director	N.S.B. Co.,Ltd.
							1991 - Present	Director	Tropical Timber Co.,Ltd.
							2010 - Present	Director	N.S.Alliance Co.,Ltd.
4. Mr. Vichit Jaroenchaipong	Assistant to Managing Director, Acting Manager of Office Administration Department (2010)	51	M.S. (Development Economics) National Institute of Development Administration	0.01%	Cousin of Miss Ratana and Miss Sumalee	- None -	2010 - Present	Assistant to Managing Director	Nam Seng Insurance Plc.
							2010 - Present	Director	N.S.B. Co.,Ltd.
							2010 - Present	Director	Tropical Timber Co.,Ltd.
							2010 - Present	Director	N.S.Alliance Co.,Ltd.
							2012 - Present	Senior Manager (responsible for motor claims)	Nam Seng Insurance Plc.
							2010 - 2012	Manager of Motor Claims Department	Nam Seng Insurance Plc.
							1983 - 2010	Manager Branch	Nam Seng Insurance Plc.
5. Mr. Pitiya Klabwhok	Senior Manager (responsible for motor claims) (2012)	53	Faculty of Law Thammasat University	- None -	- None -	- None -	2012 - Present	Senior Manager (responsible for motor claims)	Nam Seng Insurance Plc.
							2010 - 2012	Manager of Motor Claims Department	Nam Seng Insurance Plc.
							1983 - 2010	Manager Branch	Nam Seng Insurance Plc.
							2002 - Present	Manager of Accounting Department	Nam Seng Insurance Plc.
							1999 - 2002	Manager of Internal Audit Office	Nam Seng Insurance Plc.
							1998 - 1999	Assistant Manager of Accounting Department	Nam Seng Insurance Plc.
							1976 - Present	Manager of Finance Department	Nam Seng Insurance Plc.
6. Mr. Teera Trussat	Manager of Accounting Department (2002)	53	Bachelor's Degree in Business (Accounting), Ramkhamhaeng University	- None -	- None -	- None -	2002 - Present	Manager of Accounting Department	Nam Seng Insurance Plc.
							1999 - 2002	Manager of Internal Audit Office	Nam Seng Insurance Plc.
							1998 - 1999	Assistant Manager of Accounting Department	Nam Seng Insurance Plc.
							1976 - Present	Manager of Finance Department	Nam Seng Insurance Plc.
							2012 - Present	Senior Manager (responsible for motor claims)	Nam Seng Insurance Plc.
							2010 - 2012	Manager of Motor Claims Department	Nam Seng Insurance Plc.
							1983 - 2010	Manager Branch	Nam Seng Insurance Plc.
7. Mrs. Kanjana Chemrongroj	Manager of Finance Department (1976)	63	Certificate of Taipei Commercial College	1.08%	Stepsister of Mr. Somboon	- None -	1976 - Present	Manager of Finance Department	Nam Seng Insurance Plc.

Note : Executives mean persons whose positions are in accordance with the notification of the SEC. They are composed of the managing director or the next four executives succeeding him, and persons holding the position of manager or equivalent in accounting or finance departments.

3. Position in connected companies as of 31 December 2013

3.1 Directors

Name	Nam Seng Insurance Plc.	N.S.B. Co.,Ltd.	Dung Seng Insurance Broker Co.,Ltd.	Asia Hotel Plc. and subsidiary
1. Mr. Somboon Fusriboon	/, ///, x	/, x		/
2. Mr. Vithun Patanarat	/			
3. Mr. Pairach Charoenchaipong	/	/		
4. Mr. Yongyuth Phusanti	/	/		
5. Miss Sumalee Jaroenchaipong	/	/		
6. Miss Ratana Jaroenchaipong	/, ///, x	/		
7. Mr. Sant Chotipruk	/			
8. Mr. Napadol Putarungsi	/			
9. Mr. Muang Aung Htun	/			
10. Mr. Sombat Puthavolvong	/			
11. Dr. Chotima Puasiri	/	/		/

Note: / Director // Chairman Director /// Executive Director x Executive Manager

3.2 Executive Directors

Name	Nam Seng Insurance Plc.	N.S.B. Co.,Ltd.	Dung Seng Insurance Broker Co.,Ltd.	Asia Hotel Plc. and subsidiary
1. Mr. Somboon Fusriboon	/, ///, x	/, x		/
2. Miss Ratana Jaroenchaipong	/, ///, x	/		
3. Mr. Padet Dokchan	x			
4. Mr. Vichit Jaroenchaipong	x	/		
5. Mr. Piriya Klabwihok	x			
6. Mr. Teera Trussat	x			
7. Mrs. Kanjana Chernrongroj	x	/		

Note: / Director // Chairman Director /// Executive Director x Executive Manager

Note : Executives mean persons whose positions are in accordance with the notification of the SEC. They are composed of the managing director or the next four executives succeeding him, and persons holding the position of manager or equivalent in accounting of finance departments.

4. Details of Consultant to the Board of Directors, Consultant to the Audit Committee and Consultant to the Selection and Remuneration Committee

4.1 Name

Dr. Abhijai Chandrasen, 65 years old

4.2 Education

- docteur en Droit (Honors) (Law), Paris University (Sorbonne) France
- Barriter-at-Law, Thailand
- Bachelor's Degree (honors) (Law), Chulalongkorn University

4.3 Training

- Director Accreditation Program (DAP), Thai institute of Directors Association
- Finance for Non- Finance Director, Thai institute of Directors Association
- Role of Compensation Committee, Thai institute of Directors Association
- Audit Committee Program, Thai institute of Directors Association
- Developing Corporate Governance Policy, Thai institute of Directors Association

4.4 Experience in the past 5 years

- 2005 – Present Consultant to the Selection and Remuneration Committee, Nam Seng Insurance Plc.
- 2000 – Present Consultant to the Board of Directors, Nam Seng Insurance Plc.
- 1999 - Present Consultant to the Audit Committee, Nam Seng Insurance Plc.
- 2011 – Present Member of the Human Resources and Remuneration Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
- 2005 – 2013 Audit Committee Member and Chairman of the Human Resources and Remuneration Committee, Sammakorn Plc.
- 2000 – Present Advisory Director to the Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
- 2000 – Present Director and Legal Adviser, KASIKORNBANK PUBLIC COMPANY LIMITED
- 1994 - 2013 Director, Sammakorn Plc.

Positions in Non-Listed Companies

- 2006 – Present Eminent Director, The National Commission on the Elderly, Office of the Prime Minister
- 2005 – Present Director, Siam Motors Co.,Ltd
- 1994 – Present Legal Advisor, The Chaipattana Foundation

4.5 Family relation with any executive None

4.6 Shares held(%) None

5. Details of Company Secretary

5.1 Name

Mr. Kochakorn Nantaphan, 60 years old

5.2 Education

- MBA., RMIT University Australia.
- Bachelor of Economics, Thammasat University

5.3 Training

- Fundamental Practice for Corporate Secretary (FPCS 18), Thai Listed Companies Association

5.4 Experience in the past 5 years

- 2012 - Present Company secretary, Nam Seng Insurance Plc.
- 2002 – Present Manager of Office of Executive Director, Nam Seng Insurance Plc.

5.5 Family relation with any executive None

5.6 Shares held (%) None

5.7 Duty and responsibilities

The secretary must perform duties as set forth in Article 89/15 and 89/16 of the Securities and Stock Market Act of 2008 (Volume 4), which was effective on 31 August 2008, with responsibilities, cautions and honesty as well as compliance with the laws, the Company objectives and regulations, board of directors' resolutions and shareholders' meeting resolutions. The secretary is tasked with the following legal duties and responsibilities:

- (1) Preparing and storing the following documents:
 - a. List of directors
 - b. Board meeting invitations, minutes to the board of directors' meetings and the Company's annual reports.
 - c. Shareholders' meeting invitations and minutes to the shareholders' meetings.
- (2) Stores stake-holding reports prepared by directors or executives and sends copies of the reports in line with Article 89/14 to the chairman of the board and the chairman of the audit committee within seven days from the date the Company receives the reports.
- (3) Handles other matters as assigned by the SEC :
 - Offers consultation on legal matters with relevant regulations and instructions on the supervision of the board's activities to ensure legal compliance.
 - Performs duties in organizing the board of directors' meetings and shareholders' meetings.
 - Coordinates with supervisory agencies such as the SEC and monitors the accuracy and completeness of the disclosure of data and informational reports submitted to the supervisory agencies and the public.

Attachment 2

Details of Internal Auditor and Head of Compliance unit

1. Internal Auditor

(1) Juristic person assigned to be Internal Auditor

- Name : Audit House Co.,Ltd.
- Person assigned by Audit House Co.,Ltd. : Mr. Thanavong Sangnakh
to work as Internal Auditor
- Position in Audit House Co.,Ltd. : Managing director

(2) Education

- Education : Master of Accounting, Utah State University, USA
- : High Vocational Certificate in Accounting Audit, Thammasat University
- : Bachelor of Accounting, Thammasat University

(3) Experience and Training

- Professional license : CIA: Certified Internal Auditor
- : CPA: Certified Public Accountant
- Experience : 1991 - Present
- Managing director, Audit House Co.,Ltd.
- Training : Internal Quality Assessment,
- The Institute of Internal Auditors of Thailand
- : Audit Project Management,
- The Institute of Internal Auditors of Thailand
- : Operational Auditing,
- The Institute of Internal Auditors of Thailand
- : Certificate in Tax law,
- Central Tax Court
- : TFRS : Insurance contracts,
- Federation of Accounting Professions
- : Thai Auditing Standards (TSA) Updated 2012,
- Federation of Accounting Professions
- : International Transaction Tax,
- Federation of Accounting Professions

2. Head of Compliance unit

(1) Name of Head of Compliance unit

Name : Mr. Kochakorn Nantaphan
Position : Manager of Office of Executive Director

(2) Education

Education : MBA., RMIT University Australia.
Bachelor of Economics, Thammasat University

(3) Experience and Training

Experience : Manager of Office of Executive Director, Nam Seng Insurance Plc. ,
2002 – Present
Training : Fundamental Practice for Corporate Secretary (FPCS 18),
Thai Listed Companies Association

(4) Duty and responsibility

- (a) Offers advices regarding associated laws and regulations and policies of regulatory agencies including the OIC, the SEC and the SET, the management and staff hence are able to comply laws.
- (b) Monitors whether laws and regulations of the regulatory agencies are complied with.
- (c) Reports the Company when the laws and regulation were abused and the corporate governance was not practiced.

The board of directors has compliance policy that the directors, the audit committee, the executives all departments and staff must comply to the laws. The staff has been educated that they have duties and responsibilities to study associated laws and regulations so that they can properly function their duties.



Report and Financial Statements

Independent Auditor's Report

To the Shareholders of Nam Seng Insurance Public Company Limited

I have audited the accompanying financial statements of Nam Seng Insurance Public Company Limited, which comprise the statement of financial position as at 31 December 2013, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nam Seng Insurance Public Company Limited as at 31 December 2013, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 Income Taxes. The Company has restated the financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustments resulting from such change. The Company has also presented the statements of financial position as at 1 January 2012 as comparative information, using the newly adopted accounting policy for income taxes. My opinion is not qualified in respect of this matter.

Other matters

The statement of financial position of Nam Seng Insurance Public Company Limited as at 31 December 2011 (which have been used for preparing the statements of financial position as at 1 January 2012 as described in the preceding paragraph) were audited by other auditor, who expressed an unqualified opinion on those statements, under his report dated 24 February 2012.



Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

Ernst & Young Office Limited

Bangkok: 24 February 2014

Statements of financial position

As at 31 December 2013

(Unit: Baht)

	Note	31 December 2013	31 December 2012	1 January 2012
		(Restated)		
Assets				
Cash and cash equivalents	7	161,737,384	66,386,951	46,644,783
Accrued investment income		14,546,395	14,574,521	11,828,259
Premium receivables	8	192,930,630	168,256,923	151,185,920
Reinsurance assets	9	317,526,926	622,120,357	728,115,139
Investment assets				
Investments in securities				
Trading investments	10.1	41,710,431	49,321,565	49,996,692
Available-for-sale investments	10.2	242,067,840	289,383,607	362,796,916
Held-to-maturity investments	10.3	1,680,726,285	1,401,640,051	1,195,078,779
Other investments	10.4	2,223,020	2,223,020	2,223,020
Loans	11	7,074,276	6,782,891	6,662,845
Properties foreclosed	12	15,148,501	20,839,255	24,887,004
Property, buildings and equipment	13	155,621,889	162,665,517	167,415,951
Intangible assets	14	1,693,134	2,533,154	140,786
Deferred tax assets	4, 25	84,138,720	89,307,599	81,738,073
Other assets	15	48,217,772	54,636,358	44,705,086
Total assets		2,965,363,203	2,950,671,769	2,873,419,253

The accompanying notes are an integral part of the financial statements.

Statements of financial position (Continued)

As at 31 December 2013

(Unit: Baht)

	Note	31 December 2013	31 December 2012	1 January 2012
			(Restated)	
Liabilities and equity				
Liabilities				
Income tax payable		12,039,464	-	-
Due to reinsurers	16	157,298,309	153,805,569	67,928,775
Insurance contract liabilities				
Loss reserves and outstanding claims	17	604,279,480	882,432,492	1,130,886,876
Premium reserve	18.1	832,842,359	703,776,210	559,554,156
Employee benefit obligations	19	48,697,557	42,569,943	39,216,280
Accrued commissions		41,251,535	40,202,380	33,075,070
Deferred tax liabilities	4, 25	226,642	10,725,811	3,861,832
Premium received in advance		22,257,344	25,074,466	13,726,670
Other liabilities	20	73,610,230	50,185,241	47,716,668
Total liabilities		1,792,502,920	1,908,772,112	1,895,966,327
Equity				
Share capital				
Registered				
20,000,000 ordinary shares of Baht 10 each		200,000,000	200,000,000	200,000,000
Issued and paid-up				
13,900,000 ordinary shares of Baht 10 each		139,000,000	139,000,000	139,000,000
Premium on share capital		594,436,835	594,436,835	594,436,835
Retained earnings				
Appropriated				
Legal reserve	21	24,848,787	24,848,787	24,848,787
General reserve		6,163,850	6,163,850	6,163,850
Unappropriated		416,875,811	247,765,755	198,432,959
Other components of equity		(8,465,000)	29,684,430	14,570,495
Total equity		1,172,860,283	1,041,899,657	977,452,926
Total liabilities and equity		2,965,363,203	2,950,671,769	2,873,419,253

The accompanying notes are an integral part of the financial statements.

Statements of comprehensive income

For the year ended 31 December 2013

(Unit: Baht)

	Note	2013	2012
			(Restated)
Income			
Net earned premium	22	1,468,413,788	1,161,416,698
Fee and commission income	22	32,890,396	25,661,944
Total income		1,501,304,184	1,187,078,642
Expenses			
Underwriting			
Claims expenses			
Claims and losses adjustment expenses	22	789,351,029	726,416,650
Commission and brokerage expenses	22	278,005,711	235,829,849
Other underwriting expenses	22	36,827,213	31,491,102
Contribution to Road Accident Victims Protection Company Limited			
	22	18,049,853	15,951,237
Operating expenses	22, 23	262,109,693	234,213,966
Total underwriting expenses		1,384,343,499	1,243,902,804
Profit (loss) from underwriting		116,960,685	(56,824,162)
Net investment income		91,816,068	85,942,356
Gain on investments		30,051,958	24,500,972
Fair value gains (losses)		(15,390,310)	15,427,477
Other income			
Gain on sale of assets		2,594,012	2,081,518
Others		5,981,131	9,404,275
Profit from operations		232,013,544	80,532,436
Contribution to the Office of Insurance Commission		(4,708,802)	(3,952,464)
Contribution to the General Insurance Fund	31	(4,207,565)	(3,452,465)
Contribution to the Victims Compensation Fund		(1,473,457)	(1,302,142)
Profit before income tax expenses		221,623,720	71,825,365
Income tax expenses	25	(38,613,664)	(8,607,269)
Profit for the year		183,010,056	63,218,096

The accompanying notes are an integral part of the financial statements.

Statements of comprehensive income (Continued)

For the year ended 31 December 2013

(Unit: Baht)

	Note	2013	2012
			(Restated)
Other comprehensive income			
Gains (losses) on changes in values of available-for-sale investments		(47,686,787)	18,892,419
Income tax relating to components of other comprehensive income	4, 25	9,537,357	(3,778,484)
Other comprehensive income (expenses) for the year - net of tax		(38,149,430)	15,113,935
Total comprehensive income for the year		144,860,626	78,332,031
Earnings per share			
	26		
Basic earnings per share			
Profit for the year		13.17	4.55

The accompanying notes are an integral part of the financial statements.

Statements of changes in equity

For the year ended 31 December 2013

(Unit : Baht)

	Issued and paid-up share capital	Premium on share capital	Retained earnings			Unappropriated	Other components of equity		Total
			Statutory reserve	Appropriated Other	Gains (losses) on changes in values of available- for-sale investments		Other comprehensive income		
Balance as at 31 December 2011 - as previously reported	139,000,000	594,436,835	24,848,787	6,163,850	116,914,094	18,213,120		899,576,686	
Cumulative effect of change in accounting policy for income tax (Note 4)	-	-	-	-	81,518,865	(3,642,625)		77,876,240	
Balance as at 31 December 2011 - as restated	139,000,000	594,436,835	24,848,787	6,163,850	198,432,959	14,570,495		977,452,926	
Dividend paid (Note 32)	-	-	-	-	(13,885,300)	-		(13,885,300)	
Total comprehensive income for the year - restated	-	-	-	-	63,218,096	15,113,935		78,332,031	
Balance as at 31 December 2012	139,000,000	594,436,835	24,848,787	6,163,850	247,665,755	29,684,430		1,041,899,657	
Balance as at 31 December 2012 - as previously reported	139,000,000	594,436,835	24,848,787	6,163,850	161,762,859	37,105,538		963,317,869	
Cumulative effect of change in accounting policy for income tax (Note 4)	-	-	-	-	86,002,896	(7,421,108)		78,581,788	
Balance as at 31 December 2012 - as restated	139,000,000	594,436,835	24,848,787	6,163,850	247,665,755	29,684,430		1,041,899,657	
Dividend paid (Note 32)	-	-	-	-	(13,900,000)	-		(13,900,000)	
Total comprehensive income for the year	-	-	-	-	183,010,056	(38,149,430)		144,860,626	
Balance as at 31 December 2013	139,000,000	594,436,835	24,848,787	6,163,850	416,875,811	(8,465,000)		1,172,860,283	

The accompanying notes are an integral part of the financial statements.

Nam Seng Insurance Public Company Limited
Statements of cash flows
 For the year ended 31 December 2013

(Unit: Baht)

	2013	2012
Cash flows from operating activities		
Direct premium written	1,655,965,639	1,375,660,627
Cash received for reinsurance	156,481,517	15,393,965
Losses incurred of direct insurance	(880,789,602)	(770,808,157)
Losses adjustment expenses of direct insurance	(93,679,645)	(80,518,925)
Commissions and brokerages of direct insurance	(271,104,368)	(225,313,151)
Other underwriting expenses	(54,877,066)	(47,442,340)
Interest income	55,531,873	82,599,844
Dividend income	36,312,320	40,524,699
Other investment expenses	(1,566,405)	(42,306,894)
Other income	8,575,142	11,485,794
Operating expenses	(217,649,824)	(226,953,495)
Other income (expenses)	14,833,054	(13,091,300)
Income tax	(22,367,133)	(2,370,624)
Net cash from operating activities	385,665,502	116,860,043
Cash flows from investing activities		
Cash flows from		
Investments in securities	2,229,830,980	1,652,109,843
Loans	3,548,560	2,672,645
Property, buildings and equipment	402,897	979,006
Net cash from investing activities	2,233,782,437	1,655,761,494
Cash flows used in		
Investments in securities	(2,485,449,046)	(1,723,383,367)
Loans	(3,839,945)	(2,792,690)
Property, buildings and equipment	(20,849,194)	(10,268,012)
Intangible assets	(59,321)	(2,550,000)
Net cash used in investing activities	(2,510,197,506)	(1,738,994,069)
Net cash used in investing activities	(276,415,069)	(83,232,575)

The accompanying notes are an integral part of the financial statements.

Statements of cash flows (Continued)

For the year ended 31 December 2013

(Unit: Baht)

	2013	2012
Cash flows from financing activities		
Dividend paid (Note 32)	(13,900,000)	(13,885,300)
Net cash used in financing activities	(13,900,000)	(13,885,300)
Net increase in cash and cash equivalents	95,350,433	19,742,168
Cash and cash equivalents at beginning of year	66,386,951	46,644,783
Cash and cash equivalents at end of year (Note 7)	161,737,384	66,386,951

The accompanying notes are an integral part of the financial statements.

Notes to financial statements

For the year ended 31 December 2013

1. General information

1.1 Corporate information

Nam Seng Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the provision of non-life insurance. The Company’s registered office is located at 767 Krungthep-Nonthaburi Road, Bangsue, Bangkok.

1.2 The impact from the severe flooding

In the fourth quarter of 2011, there was severe flooding in Thailand. The floods materially affected the financial statements of the Company, with the financial impact of the floods reflected in the financial statements until 31 December 2013 are as follows:

(Unit: Million Baht)

	Gross claims	Claims refundable from reinsurers		Net claims
		Agreed	Reserve	
Loss reserves and outstanding claims	136	-	(90)	46
Claims paid	267	(238)	-	29
Total	403	(238)	(90)	75
Claims reserve refundable from reinsurance under Excess of Loss contracts				(3)
Claims refundable from reinsurance under Excess of Loss contracts received				(26)
Net claims expense - statement of comprehensive income				46
Less: Net claims expense - statement of comprehensive income - 2011				(31)
Less: Net claims expense - statement of comprehensive income - 2012				(7)
Net claims expense - statement of comprehensive income - 2013				8

The Company currently set aside loss reserves and insurance reserve refundable from reinsurers based on best estimates, with reference to supporting documentation and surveyors’ reports.

2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and in accordance with Thai accounting practices related to insurance and the accounting and reporting guidelines prescribed by the Office of Insurance Commission (“OIC”) The presentation of the financial statements has been made in compliance with the Declaration of the Insurance Commission dated 27 May 2010.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Accounting standards that became effective in the current accounting year

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company has changed this accounting policy in the first quarter of the current year and restated the prior year's financial statements, presented as comparative information, as though the Company had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

(b) Accounting standards that will become effective in the future

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014

		<u>Effective date</u>
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The management of the Company has assessed the effect of the above accounting standard, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations and believes that they will not have any significant impact on the financial statements for the years when they are initially applied, except TFRS 4 for which the management is still evaluating the first-year impact to the financial statements and has yet to reach a conclusion, and TAS 12 (revised 2012) which does not have any impact to the Company's financial statements.

4. Cumulative effect of the changes in accounting policies due to the adoption of new accounting standard

During the first quarter of the current year, the Company made the change described in Note 3 to the financial statements to its significant accounting policies, as a result of the adoption of Thai Accounting Standard 12 Income Taxes. The cumulative effect of the change in the accounting policies has been separately presented in the statements of changes in equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

(Unit: Baht)

	31 December 2013	31 December 2012	1 January 2012
Statements of financial position			
Increase in deferred tax assets	84,138,720	89,307,599	81,738,073
Increase in deferred tax liabilities	226,642	10,725,811	3,861,832
Decrease in unappropriated retained earnings	(81,795,829)	(86,002,896)	(81,518,865)
Decrease in unappropriated of other components of equity	2,116,249	(7,421,108)	(3,642,624)

(Unit: Baht)

	For the years ended 31 December	
	2013	2012
Statements of comprehensive income		
Profit or loss:		
Decrease in income tax	4,207,067	(4,484,031)
Increase in profit for the year	(4,207,067)	4,484,031
Increase in basic earnings per share	(0.30)	0.32
Other comprehensive income:		
Gains (losses) on changes in value of available-for-sale investments	9,537,357	(3,778,484)

5. Significant accounting policies

5.1 Revenue recognition

(a) Premium income

Premium income consists of direct premium and reinsurance premium less premium of canceled policies and premiums refunded to policy holders, and will be adjusted by unearned premium reserve.

Direct premium income is recognised on the date the insurance policy comes into effect. For policies with coverage periods of longer than 1 year, related revenues are recorded as "premium received in advance", and recognised as income over the coverage period.

Reinsurance premium income is recognised as income when the reinsurer places the reinsurance application or the statement of accounts with the Company.

(b) Commission and brokerage fee income

Commission and brokerage fees from ceded premium are recognised as income in the period of service provided.

(c) Interest income and dividend from investments

Interest income is recognised on an accrual basis based on the effective interest rate. Dividend is recognised when the right to receive the dividend is established.

(d) Gain (loss) on investment

Gain (loss) on investment is recognised as income or expense on the transaction date.

(e) Interest income on loan

Interest on loan is recognised as income on an accrual basis, based on the amount of principal outstanding.

5.2 Expenses recognition

(a) Ceded premium

Ceded premium is recognised as expense when the insurance risk is transferred to another insurer.

(b) **Commission and brokerage fees**

Commissions and brokerages are expenses when incurred.

Commission and brokerage fees paid for policies with coverage periods of longer than one year are recorded as prepaid transactions and recognised as expenses over the coverage period.

(c) **Claims and losses adjustment expenses**

Claims and losses adjustment expenses consist of claims and losses adjustment expenses of direct insurance and reinsurance, and include the amounts of the incurred amounts of claims, related expenses, and loss adjustments of the current and prior period, less residual value and other recoveries (if any), and claims refundable from reinsurers.

Claims and losses adjustment expenses of direct insurance are recognised upon the receipt of the claims advice from the insured, based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimated is not however, to exceed the sum-insured under the relevant policy.

Claims and losses adjustment expenses of reinsurance are recognised as expenses when the reinsurer places the loss advice or the statement of accounts with the Company.

5.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.4 Premium receivables and allowance for doubtful accounts

Premium receivables from both direct and reinsurance are stated at net realisable value. The Company set up an allowance for doubtful accounts based on the estimated loss that may incur in collection of the premium receivables, on the basis of collection experiences, analysis of debtor aging and a review of current status of the premium receivables as at the end of reporting period.

5.5 Reinsurance assets and due to reinsurers

- (a) Reinsurance assets represent amounts due from reinsurers, amounts deposit on reinsurance and insurance reserve refundable from reinsurers.

Amounts due from reinsurers consist of accrued commission and brokerage income, claims and other various items receivable from reinsurers, excluding reinsurance premium receivable, less allowance for doubtful accounts. The Company records allowance for doubtful accounts for the estimated losses that may be incurred due to inability to make collection, taking into account collection experience and the status of reinsurer receivables as at the end of the reporting period.

Insurance reserve refundable from reinsurers is estimated based on the related reinsurance contract of loss reserve and outstanding claims in accordance with the law regarding insurance reserve calculation.

- (b) Amounts due to reinsurers represent outstanding balance payable from reinsurance and amounts withheld on reinsurance.

Amounts due to reinsurers consist of reinsurance premiums and other items payable to reinsurers, excluding claims.

The Company presents net of reinsurance to the same entity (reinsurance assets or amounts due to reinsurers) when the following criteria for offsetting are met.

- (1) The entity has a legal right to offset amounts presented in the statements of financial position, and
- (2) The entity intends to receive or pay the net amount recognised in the statements of financial position, or to realise the asset at the same time as it pays the liability.

5.6 Investments in securities

- (a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- (b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in comprehensive income, and will be recorded in profit or loss in when the securities are sold.
- (c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium or discount on debt securities is amortised or accreted by the effective rate method with the amortised or accreted amount presented as an adjustment to the interest income. The debt securities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity.
- (d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment (if any).

The fair value of marketable security is based on the latest bid price of the last working day of the year. The fair value of debt security determined based on the yield rates quoted by the Thai Bond Market Association. The fair value of unit trust is determined from its net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investment from one type to another, such investment will be readjusted to its fair value as at the reclassification date. The difference between the carrying amount of the investment and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

5.7 Loans and allowance for doubtful accounts

Loans are stated at the net realisable value. The Company accounts for allowance for doubtful accounts on the basis of collection experience, analysis and assessment debtor's settlement ability including valuation of security on a specific account basis.

5.8 Properties foreclosed

Properties foreclosed as stipulated by the OIC are presented at cost less allowance for loss on impairment. Such properties foreclosed consist of (1) properties that belong to the Company as a result of debt settlement or the Company's purchase of properties mortgaged with the Company through an auction held by order of a court or the official receiver, together with possession of properties as a result of finance leasing or hire purchase; (2) land, buildings and other properties, including leasehold rights, to be used for business operations or for employees and that are no longer used for that purpose.

5.9 Property, buildings and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings and building improvements	20 years
Furniture, fixtures and office equipment	5 years
Vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

An item of property, buildings and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

5.10 Intangible assets and amortisation

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The useful lives of intangible assets with finite useful lives are computer software are 5 years.

5.11 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

5.12 Loss reserve and outstanding claims

Outstanding claims are recorded at the amount to be actually paid. Loss reserve is provided upon receipt of claim advices from the insured based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimate is not however, to exceed the sum-insured under the relevant policy.

The Company has allocated incurred but not reported claim, which is calculated using an actuarial method based on a best estimate of claims which are expected to be paid in respect of losses occurring before or as at the reporting period. The IBNR is calculated for both reported and not reported losses, and net of recorded claims.

5.13 Premium reserve

Premium reserve consists of unearned premium reserve and unexpired risk reserve.

(a) Unearned premium reserve

Unearned premium reserve is calculated based on direct premium before deducting premium ceded as follows:

Transportation (cargo), travelling accident with coverage periods of not over six-months	-	100% of premium as from the date policy is effective, throughout the period of insurance coverage
Others	-	Monthly average basis (the one-twenty fourth basis)

(b) Unexpired risk reserve

At the end of each reporting period, the Company computes its unexpired risk reserve and a liability adequacy test is performed in order to determine whether there is any overall excess of expected claims over unearned premium reserve. This calculation uses current estimates of future claim payments including all related direct and indirect claims expenses, the expenses of policy administration and any additional reinsurance premiums due in respect of the unexpired risk.

At the end of each reporting period, the Company compares the amounts of unexpired risk reserve with unearned premium reserve, and if unexpired risk reserve is higher than unearned premium reserve, the difference is recognised as unexpired risk reserve in the financial statements.

5.14 Long-term leases

Leases of building or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

5.15 Foreign currencies

The financial statements are presented in Baht, which also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.16 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, buildings and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

5.17 Employee benefits

(a) Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

(b) Post-employment benefits

Defined contribution plan

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plan

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

5.18 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.19 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and its carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting period, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ from these estimate. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, debt collection experience, aging profile of outstanding debts and the prevailing economic condition.

Impairment of equity investments

The Company treats available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

Property, buildings and equipment and depreciation

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual values of the buildings and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, buildings and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Loss reserve and outstanding claims

At the end of each reporting period, the Company has to estimate loss reserve and outstanding claims taking into account two factors. These are the claims incurred and reported, and the of claims incurred but not reported (IBNR). The ultimate cost of outstanding claims is established using a range of standard actuarial claims projection techniques, such as the Chain Ladder and Bornheutter-Ferguson methods.

The main assumptions underlying these techniques relate to historical experience, including the development of claims estimates, paid and incurred losses, average costs per claim and claim numbers etc. To perform the calculation, it is necessary to perform analysis based on the type of insurance and to use the services of an actuary with expertise, experience, and an understanding of the insurance business and the Company's products. Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

Unexpired risk reserve

Unexpired risk reserve is calculated using an actuarial method, based on a best estimate of the claims expected to incur over the remaining term of the insurance. Estimating the reserve requires the management to exercise judgment, with reference to historical data and the best estimates available at the time.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgment to assess of the results of the litigation and believes that loss incurred will not exceed the recorded amounts in the financial statements.

7. Cash and cash equivalents

(Unit: Baht)

	2013	2012
Cash on hand	242,398	180,297
Deposits at banks with no fixed maturity date	161,494,986	66,206,654
Deposits at banks with fixed maturity date	985,000,000	658,203,255
Total cash and deposits at financial institutions	1,146,737,384	724,590,206
Less: Deposits at banks which amount maturing in over 3 months	(985,000,000)	(658,203,255)
Cash and cash equivalents	161,737,384	66,386,951

8. Premium receivables

The balances as at 31 December 2013 and 2012 of premium receivables are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Baht)

	2013			Total
	Due from insured	Due from agents and brokers	Due from reinsurers	
Not yet due	3,385,452	27,833,213	-	31,218,665
Not over 30 days	671,599	130,350,214	37,028	131,058,841
Over 30 days to 60 days	1,808,031	30,693,116	158,046	32,659,193
Over 60 days to 90 days	662,050	6,053,602	7,046	6,722,698
Over 90 days to 1 year	380,541	3,343,268	-	3,723,809
Over 1 year	13,141	11,319,040	-	11,332,181
Total premium receivables	6,920,814	209,592,453	202,120	216,715,387
Less: Allowance for doubtful accounts	(1,056,378)	(22,728,379)	-	(23,784,757)
Premium receivables, net	5,864,436	186,864,074	202,120	192,930,630

(Unit: Baht)

	2012			Total
	Due from insured	Due from agents and brokers	Due from reinsurers	
Not yet due	3,788,508	32,122,092	-	35,910,600
Not over 30 days	572,919	111,838,629	169,131	112,580,679
Over 30 days to 60 days	342,135	25,406,660	4,853	25,753,648
Over 60 days to 90 days	212,275	9,000,596	7,029	9,219,900
Over 90 days to 1 year	-	3,845,277	28,790	3,874,067
Over 1 year	3,013	12,710,284	-	12,713,297
Total premium receivables	4,918,850	194,923,538	209,803	200,052,191
Less: Allowance for doubtful accounts	(215,288)	(31,579,980)	-	(31,795,268)
Premium receivables, net	4,703,562	163,343,558	209,803	168,256,923

For premium receivables due from agents and brokers, the Company has stipulated the collection guideline in accordance with the law of the premium collection. For overdue premium receivables, the Company has the legal process with such agents and brokers.

9. Reinsurance assets

(Unit: Baht)

	2013	2012
Amounts deposit on reinsurance	2,929	2,929
Amounts due from reinsurers	116,215,319	167,524,496
Insurance reserve refundable from reinsurers	204,038,678	454,592,932
Reinsurance assets	320,256,926	622,120,357
Less : Allowance for doubtful accounts	(2,730,000)	-
Reinsurance assets - net	317,526,926	622,120,357

Insurance reserve refundable from reinsurers as at 31 December 2013 includes insurance reserve refundable from reinsurers from flooding loss amounting to Baht 93 million (2012: Baht 406 million) as described in Note 1.2 to the financial statements.

The balances as at 31 December 2013 and 2012 of amounts due from reinsurers are classified by aging as follows:

(Unit: Baht)

	2013	2012
Not over 12 months	116,214,904	165,906,295
Over 1 year to 2 years	-	1,617,786
Over 2 years	415	415
Total amounts due from reinsurers	116,215,319	167,524,496

10. Investments in securities

10.1 Trading investments

(Unit: Baht)

	2013				Percentage to total assets
	Cost	Unrealised gain	Unrealised loss	Fair value	
Private enterprise securities					
Stocks	38,272,075	1,128,261	-	39,400,336	1.33
Unit trusts	2,305,149	4,946	-	2,310,095	0.08
Total trading investments	40,577,224	1,133,207	-	41,710,431	1.41

(Unit: Baht)

	2012				Percentage to total assets
	Cost	Unrealised gain	Unrealised loss	Fair value	
Private enterprise securities					
Stocks	23,073,586	16,452,310	-	39,525,896	1.34
Unit trusts	9,724,463	71,206	-	9,795,669	0.33
Total trading investments	32,798,049	16,523,516	-	49,321,565	1.67

10.2 Available-for-sale investments

(Unit: Baht)

	2013				Percentage to total assets
	Cost	Unrealised gain	Unrealised loss	Fair value	
Private enterprise securities					
Stocks	15,273,610	3,638,586	-	18,912,196	0.64
Unit trusts	237,375,479	-	(14,219,835)	223,155,644	7.52
Total available-for-sale investments	252,649,089	3,638,586	(14,219,835)	242,067,840	8.16

(Unit: Baht)

	2012				Percentage to total assets
	Cost	Unrealised gain	Unrealised loss	Fair value	
Private enterprise securities					
Stocks	25,450,303	15,913,233	-	41,363,536	1.40
Unit trusts	226,827,765	21,192,306	-	248,020,071	8.41
Total available-for-sale investments	252,278,068	37,105,539	-	289,383,607	9.81

10.3 Held to-maturity investments

(Unit: Baht)

	2013		2012	
	Cost/ Amortised cost	Percentage to total assets	Cost/ Amortised cost	Percentage to total assets
Government and state enterprise securities				
Government securities	454,657,721	15.33	388,135,754	13.15
State enterprise securities	60,068,564	2.03	164,238,579	5.57
Total	514,726,285	17.36	552,374,333	18.72
Private enterprise securities				
Debenture	158,000,000	5.33	178,062,463	6.03
Total	158,000,000	5.33	178,062,463	6.03
Deposits at banks - maturity over 3 months				
Deposits at commercial banks	985,000,000	33.22	658,203,255	22.31
Government savings bank lottery	23,000,000	0.78	13,000,000	0.44
Total	1,008,000,000	33.99	671,203,255	22.75
Total held-to-maturity investments	1,680,726,285	56.68	1,401,640,051	47.50

10.4 Other investments

(Unit: Baht)

	2013		2012	
	Cost	Percentage to total assets	Cost	Percentage to total assets
Non-marketable equity securities - local	2,223,020	0.07	2,223,020	0.08
Total other investments	2,223,020	0.07	2,223,020	0.08

10.5 Remaining period of debt securities

(Unit: Baht)

	2013			
	Period to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity investments				
Government and state enterprise securities	100,539,512	241,405,003	172,781,770	514,726,285
Private enterprise debt securities	83,000,000	60,000,000	15,000,000	158,000,000
Deposits at commercial banks	933,000,000	75,000,000	-	1,008,000,000
Total investments in debt securities	1,116,539,512	376,405,003	187,781,770	1,680,726,285

(Unit: Baht)

	2012			
	Period to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity investments				
Government and state enterprise securities	220,965,770	321,408,563	10,000,000	552,374,333
Private enterprise debt securities	40,062,463	103,000,000	35,000,000	178,062,463
Deposits at commercial banks	586,203,255	85,000,000	-	671,203,255
Total investments in debt securities	847,231,488	509,408,563	45,000,000	1,401,640,051

As at 31 December 2013 and 2012, certain bonds have been pledged with the Registrar of the Office of Insurance Commission and have been placed as a security in the normal course of business as discussed in Notes 28, 29 and 30.

11. Loans

As at 31 December 2013 and 2012, loans and accrued interest aged by principal and accrued interest are as follows:

(Unit: Baht)

Outstanding period	2013						
	Mortgage loans		Other loans		Total		Total
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	
Not yet due	6,508,862	2,571	565,414	33	7,074,276	2,604	7,076,880
Overdue							
More than 12 months	-	-	314,526	203,847	314,526	203,847	518,373
Total	6,508,862	2,571	879,940	203,880	7,388,802	206,451	7,595,253
Less: Allowance for doubtful accounts	-	-	(314,526)	(203,847)	(314,526)	(203,847)	(518,373)
Loans and accrued interest, net	6,508,862	2,571	565,414	33	7,074,276	2,604	7,076,880

(Unit: Baht)

Outstanding period	2012						
	Mortgage loans		Other loans		Total		Total
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	
Not yet due	5,872,343	10,961	910,548	-	6,782,891	10,961	6,793,852
Overdue							
More than 12 months	-	-	314,526	203,847	314,526	203,847	518,373
Total	5,872,343	10,961	1,225,074	203,847	7,097,417	214,808	7,312,225
Less: Allowance for doubtful accounts	-	-	(314,526)	(203,847)	(314,526)	(203,847)	(518,373)
Loans and accrued interest, net	5,872,343	10,961	910,548	-	6,782,891	10,961	6,793,852

The credit limit on employee loans that are secured by personal guarantees is set at 20 times the employee's monthly salary, and may not exceed Baht 500,000. If loans are secured by the mortgage of property, the credit limit is 90% of the assessed value of the property. Also taken into account is the purpose of the loan, ability to settle the debt, while the interest rate may be set higher or lower than MLR of a commercial bank.

12. Properties foreclosed

	(Unit: Baht)	
	2013	2012
Properties received from debt settlement	17,221,271	23,238,789
Less: Allowance for impairment	(2,072,770)	(2,399,534)
Properties foreclosed, net	15,148,501	20,839,255

13. Property, buildings and equipment

	(Unit: Baht)					
	Land	Buildings and building improvements	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
Cost:						
1 January 2012	103,472,866	98,046,711	79,526,924	12,177,821	14,320,390	307,544,712
Additions	-	-	4,721,790	1,656,000	3,890,222	10,268,012
Disposals / write-off	-	-	(724,018)	(2,635,000)	(2,786,612)	(6,145,630)
31 December 2012	103,472,866	98,046,711	83,524,696	11,198,821	15,424,000	311,667,094
Additions	-	-	4,119,194	-	965,750	5,084,944
Transfer during the year	-	15,450,000	314,250	-	(15,764,250)	-
Disposals / write-off	-	-	(3,555,826)	(849,959)	-	(4,405,785)
31 December 2013	103,472,866	113,496,711	84,402,314	10,348,862	625,500	312,346,253
Accumulated depreciation:						
1 January 2012	-	67,039,348	65,477,147	7,612,266	-	140,128,761
Depreciation for the year	-	4,801,577	6,097,514	1,315,247	-	12,214,338
Depreciation on disposals/ write-off	-	-	(706,524)	(2,634,998)	-	(3,341,522)
31 December 2012	-	71,840,925	70,868,137	6,292,515	-	149,001,577
Depreciation for the year	-	5,125,238	5,753,814	1,230,240	-	12,109,292
Depreciation on disposals/ write-off	-	-	(3,536,547)	(849,958)	-	(4,386,505)
31 December 2013	-	76,966,163	73,085,404	6,672,797	-	156,724,364
Net book value:						
31 December 2012	103,472,866	26,205,786	12,656,559	4,906,306	15,424,000	162,665,517
31 December 2013	103,472,866	36,530,548	11,316,910	3,676,065	625,500	155,621,889
Depreciation for the year						
2012						12,214,338
2013						12,109,292

As at 31 December 2013, certain buildings and equipment have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 69.8 million (2012: Baht 66.8 million).

14. Intangible assets

(Unit: Baht)

Computer software	
Cost:	
1 January 2012	3,936,662
Acquisition of computer software	2,550,000
31 December 2012	6,486,662
Acquisition of computer software	59,321
31 December 2013	6,545,983
Accumulated amortisation:	
1 January 2012	3,795,876
Amortisation charge	157,632
31 December 2012	3,953,508
Amortisation charge	899,341
31 December 2013	4,852,849
Net book value:	
31 December 2012	2,533,154
31 December 2013	1,693,134
Amortisation for the year	
2012	157,632
2013	899,341

As at 31 December 2013, certain computer softwares have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 3.7 million (2012: Baht 3.7 million).

15. Other assets

(Unit: Baht)

	2013	2012
Advances	1,950,630	5,554,500
Prepaid expenses	19,676,655	15,938,147
Undue input tax	4,118,579	4,582,634
Account receivable - Revenue Department	-	7,263,147
Claim receivable from litigants	2,095,034	2,520,031
Notes receivable	8,787,489	11,355,107
Others	11,589,385	7,422,792
Total other assets	48,217,772	54,636,358

16. Due to reinsurers

	(Unit: Baht)	
	2013	2012
Outward premium payables	125,595,183	129,758,104
Amounts withheld on reinsurance	31,703,126	24,047,465
Total due to reinsurers	157,298,309	153,805,569

17. Loss reserves and outstanding claims

	(Unit: Baht)	
	2013	2012
Beginning Balance	882,432,492	1,130,886,876
Claims and losses adjustment expenses for the year	878,395,979	727,675,172
Change in claims and losses adjustment expenses paid of the prior year	(179,441,997)	(124,628,222)
Claims and losses adjustment expenses paid during the year	(977,106,994)	(851,501,334)
Ending balance	604,279,480	882,432,492

As at 31 December 2013 and 2012 the Company, which is reinsurer under the reinsurance contracts, has loss reserve and outstanding claims under such contracts of Baht 0.3 million and Baht 1.5 million, respectively.

Loss reserves and outstanding claims as at 31 December 2013 include loss reserves and outstanding claims from flooding claim amounting to Baht 136 million as described in Note 1.2 to the financial statements (2012: Baht 421 million).

18. Premium reserve

Premium reserve is the liability under insurance contracts, and is the higher of unearned premium reserve and unexpired risk reserve.

18.1 Unearned premium reserves

	(Unit: Baht)	
	2013	2012
Beginning balance	703,776,210	559,554,156
Premium written for the year	1,696,522,213	1,389,446,373
Premium earned for the current year	(1,567,456,064)	(1,245,224,319)
Ending balance	832,842,359	703,776,210

18.2 Unexpired risk reserves

	(Unit: Baht)	
	2013	2012
Beginning balance	529,248,679	449,767,652
Estimated claims for the year	1,219,021,108	425,023,551
Risk expired during the year	(1,180,546,442)	(345,542,524)
Ending balance	567,723,345	529,248,679

19. Employee benefit obligations

Provisions for employee benefits are as follows:

(Unit: Baht)

	2013	2012
Short-term benefits	18,155,138	16,236,936
Long-term benefits	30,542,419	26,333,007
Total	48,697,557	42,569,943

Provision for long-term employee benefits, which is compensation on employees' retirement, was as follows:

(Unit: Baht)

	2013	2012
Defined benefit obligation at beginning of year	26,333,007	24,022,597
Current service cost	1,472,492	1,510,450
Interest cost	908,236	864,936
Benefit paid during the year	(1,630,800)	(1,292,500)
Actuarial loss	3,459,484	1,227,524
Defined benefit obligation at end of year	30,542,419	26,333,007

Long-term employee benefit expenses included in the profit or loss was as follows:

(Unit: Baht)

	2013	2012
Current service cost	1,472,492	1,510,450
Interest cost	908,236	864,936
Actuarial loss recognised during the year	3,459,484	1,227,524
Total expenses recognised in profit or loss (commission and brokerage expenses)	5,840,212	3,602,910

Principal actuarial assumptions at the valuation date were as follows:

(Unit: % per annum)

	2013	2012
Discount rate	4.1	4.0
Future salary increase rate	4.5 - 7.0	4.0 - 5.5
Staff turnover rate (depending on age)	7.0 - 18.0	7.0 - 10.0

Amounts of defined benefit obligation for the current and previous two years are as follows:

(Unit: Million Baht)

	Defined benefit obligation	Experience adjustments on the obligation
Year 2013	30.5	1.4
Year 2012	26.3	-
Year 2011	24.0	-

20. Other liabilities

(Unit: Baht)

	2013	2012
Account payable - Revenue Department	5,392,008	4,037,288
Withholding tax payable	1,379,401	1,831,945
Undue output tax	12,547,263	11,047,490
Accrued expenses	19,735,677	13,667,969
Deposits from brokers	13,541,873	10,393,162
Others	21,014,008	9,207,387
Total other liabilities	73,610,230	50,185,241

21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

22. Underwriting information reported by insurance categories

Underwriting information classified by insurance categories for the year ended 31 December 2013 is as follows:

(Unit: Baht)

	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
Underwriting income						
Premium written	39,249,217	23,363,261	11,492,922	101,111,341	39,876,359	1,696,522,213
Less: Premium ceded	(25,338,592)	(19,035,064)	(13,068,576)	(33,002,632)	(27,895,833)	(118,340,697)
Net premium written	13,910,625	4,328,197	1,479,853	68,108,709	11,980,526	1,578,181,516
Add (less): Unearned premium reserve	(650,092)	2,001,162	(105,120,096)	(8,932,715)	2,934,013	(109,767,728)
Earned premium	13,260,533	6,329,359	1,374,733	59,175,994	14,914,539	1,468,413,788
Fee and commission income	14,040,937	5,418,956	32,512	8,649,020	4,748,971	32,890,396
Total underwriting income	27,301,470	11,748,315	1,374,765	67,825,014	19,663,510	1,501,304,184
Underwriting expenses						
Claims and losses adjustment expenses						
Commission and brokerage expenses	1,173,045	(372,105)	759,850	27,136,621	1,562,772	789,351,029
Other underwriting expenses	10,343,216	2,619,187	246,344	14,363,064	4,335,291	278,005,711
Contribution to Road Accident Victims Protection Co., Ltd.	1,004,834	793,792	30,237	3,450,264	1,340,353	36,827,213
Total underwriting expenses before operating expenses	-	-	18,049,853	-	-	18,049,853
Operating expenses	12,521,095	3,040,874	1,054,483	44,949,949	7,238,416	1,122,233,806
Total underwriting expenses						262,109,693
						1,384,343,499

Underwriting information classified by insurance categories for the year ended 31 December 2012 is as follows:

(Unit: Baht)

	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
Underwriting income						
Premium written	33,321,789	19,917,431	1,233,212,378	72,444,123	30,550,652	1,389,446,373
Less: Premium ceded	(22,682,085)	(15,515,215)	(15,423,437)	(20,013,323)	(14,216,029)	(87,850,089)
Net premium written	10,639,704	4,402,216	1,217,788,941	52,430,800	16,334,623	1,301,596,284
Add (less): Unearned premium reserve	2,582,936	213,802	(142,776,196)	(4,798,886)	4,598,758	(140,179,586)
Earned premium	13,222,640	4,616,018	1,075,012,745	47,631,914	20,933,381	1,161,416,698
Fee and commission income	8,217,886	5,356,056	26,276	7,586,457	4,475,269	25,661,944
Total underwriting income	21,440,526	9,972,074	1,075,039,021	55,218,371	25,408,650	1,187,078,642
Underwriting expenses						
Claims and losses adjustment expenses						
Commission and brokerage expenses	7,405,296	2,890,941	712,021,729	20,388,390	(16,289,706)	726,416,650
Other underwriting expenses	7,823,058	2,699,813	208,224,543	13,448,854	3,633,581	235,829,849
Contribution to Road Accident Victims Protection Co., Ltd.	1,320,175	938,824	24,352,042	3,451,800	1,428,261	31,491,102
Total underwriting expenses before operating expenses	-	-	15,951,237	-	-	15,951,237
Operating expenses	16,548,529	6,529,578	960,549,551	37,289,044	(11,227,864)	1,009,688,838
Total underwriting expenses						234,213,966
						1,243,902,804

23. Operating expenses

(Unit: Baht)

	2013	2012
Personel expenses which are not expenses for underwriting and claims	80,885,387	76,848,360
Property and equipment expenses which are not expenses for underwriting	70,894,417	65,397,689
Bad debts and doubtful accounts (reversal)	(21,069)	11,795,100
Other operating expenses	110,350,958	80,172,817
Total operating expenses	262,109,693	234,213,966

24. Employee expenses

(Unit: Baht)

	2013	2012
Salaries and wages	143,326,098	142,812,324
Social security fund	812,021	786,245
Employee benefit fund	7,695,317	4,303,497
Others benefits	10,568,837	9,868,956
Total employee expenses	162,402,273	157,771,022

25. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

(Unit: Baht)

	2013	2012
		(Restated)
Current income tax:		
Current income tax charge	34,406,597	13,091,299
Deferred tax:		
Relating to origination and reversal of temporary differences	4,207,067	(5,108,861)
Effects of changes in the applicable tax rates	-	624,831
Income tax expense reported in the statements of comprehensive income	38,613,664	8,607,269

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Baht)

	2013	2012
		(Restated)
Deferred tax relating to gains (losses) on changes in value of available-for-sale investments	9,537,357	(3,778,484)

Reconciliation between income tax expenses and the product of accounting profits multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012:

(Unit: Baht)

	2013	2012
		(Restated)
Accounting profits before tax	221,623,720	71,825,365
Applicable tax rate	20%	23%
Accounting profit before tax multiplied by applicable tax rate	44,324,744	16,519,834
Net tax effect on income or expenses that are not taxable or not deductible in determining taxable profits	(5,711,080)	(8,218,897)
Effects of changes in the applicable tax rates	-	624,830
Others	-	(318,498)
Income tax expenses reported in the statements of comprehensive income	38,613,664	8,607,269

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Baht)

	31 December 2013	31 December 2012	1 January 2012
Deferred tax assets			
Allowance for doubtful debts	7,020,344	8,892,857	6,700,621
Premium reserves	28,925,451	29,098,724	17,294,051
Provision for losses incurred but not yet reported (IBNR)	9,249,645	14,577,648	17,245,960
Loss reserves	30,718,547	31,471,769	35,692,921
Provision for long-term employee benefits	6,108,484	5,266,601	4,804,520
Unrealised losses on changes in values of available-for-sale investments	2,116,249	-	-
Total	84,138,720	89,307,599	81,738,073
Deferred tax liabilities			
Unrealised gains on changes in values of available-for-sale investments	-	(7,421,108)	(3,642,624)
Unrealised gains on changes in values of trading investments	(226,642)	(3,304,703)	(219,208)
Total	(226,642)	(10,725,811)	(3,861,832)
Deferred tax assets, net	83,912,078	78,581,788	77,876,241

In October 2011, the Cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the Cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company reflected the changes in tax rates in its deferred tax calculation, as presented above.

26. Earning per shares

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

27. Related party transactions

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The relationships between the Company and its related parties are summarised below.

Name of related parties	Relationship with the Company
Dung Seng Insurance Broker Co., Ltd.	Related by way of common shareholder
Asia Hotel Plc.	Related by way of common directors
Asia Pattaya Hotel Co., Ltd.	Related by way of common directors
Zeer Property Plc.	Related by way of common directors
Asia Airport Hotel Co., Ltd.	Related by way of common directors
N.S.B. Co., Ltd.	Related by way of common directors and shareholding

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Baht)

	2013	2012
Premium written		
Dung Seng Insurance Broker Co., Ltd.*	1,015,673,802	958,962,331
Asia Hotel Plc.	674,841	673,802
Asia Pattaya Hotel Co., Ltd.	589,725	575,542
Zeer Property Plc.	1,373,349	1,641,941
Asia Airport Hotel Co., Ltd.	527,921	539,295
Commission paid		
Dung Seng Insurance Broker Co., Ltd.	177,013,258	166,846,902
Rental of building space		
N.S.B. Co., Ltd.	1,262,649	1,277,180
Service fee of building space		
N.S.B. Co., Ltd.	20,113,159	18,140,875

* Premium written from non-life insurance brokers

Transfer pricing policy	
Premium written	Normal commercial terms for underwriting
Commission paid	Consistent with those paid to other brokers and not exceed the rate stipulated by the Office of Insurance Commission
Rental of building space	Contract price
Service fee of building space	Contract price

As at 31 December 2013 and 2012, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Baht)

	2013	2012
Premium receivables (net of notes receivable from agent)		
Dung Seng Insurance Broker Co., Ltd.	132,842,037	137,382,593
Prepaid rental and service fee of building space		
N.S.B. Co., Ltd.	19,450,101	15,735,592
Accrued commissions		
Dung Seng Insurance Broker Co., Ltd.	22,629,593	23,179,044

Directors and management's benefits

During the year ended 31 December 2013 and 2012, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Million Baht)

	2013	2012
Short-term employee benefits	17.8	15.0
Post-employment benefits	0.4	0.4
Total	18.2	15.4

28. Securities placed with the Registrar

As at 31 December 2013 and 2012, the Company has pledged its securities with the Registrar in accordance with the Non-life Insurance Act as follows:

(Unit: Baht)

	2013		2012	
	Cost	Fair value	Cost	Fair value
Government bonds	14,000,000	14,155,684	14,000,000	14,042,426

29. Assets reserved with the Registrar

As at 31 December 2013 and 2012, the Company has pledged its securities as non-life insurance reserve with the Registrar in accordance with the Non-life Insurance Act as follows:

(Unit: Baht)

	2013		2012	
	Cost	Fair value	Cost	Fair value
Government bonds	208,000,000	211,156,472	167,000,000	168,980,930

30. Collateralised assets

As at 31 December 2013 and 2012, the Company has collateralised assets as follows:

(Unit: Baht)

		2013	2012
Government bonds	- As collateral for bail bonds	11,470,000	12,520,000
	- As collateral for electrical usage	300,000	300,000
	- As collateral for bank overdrafts	10,000,000	10,000,000
	- As collateral for maintenance contracts	500,000	-
Government saving bank lottery	- As collateral for Bank for Agriculture and Agricultural Cooperatives	2,000,000	-
	- As collateral for bail bonds	200,000	-
	Total	24,470,000	22,820,000

31. Contribution to the General Insurance Fund

(Unit: Baht)

	2013	2012
Accumulated contribution at the beginning of the year	10,000,347	6,547,882
Contribution during the year	4,207,565	3,452,465
Accumulated contribution at the end of the year	14,207,912	10,000,347

32. Dividend paid

Dividend declared during the years 2013 and 2012 consists of the following:

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
Final dividends for 2012	Annual General Meeting of the shareholders on 29 April 2013	13.9	1.0
Final dividends for 2011	Annual General Meeting of the Shareholders on 26 April 2012	13.9	1.0

33. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to make decisions about the allocation of resources to the segment and assess its performance. The Chief Operating Decision Maker has been identified as Managing Director.

For management purposes, the Company are organised into business units based on non-life insurance and have two reportable segments which are motor insurance and others insurance.

The Chief Operating Decision Maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss, total assets and total liabilities and on a basis consistent with that used to measure operating profit or loss, total assets and total liabilities in the financial statements.

The following tables present revenue and profit regarding the Company' operating segments for the years ended 31 December 2013 and 2012, respectively.

(Unit: Baht)

	Motor		Others		Total	
	2013	2012	2013	2012	2013	2012
Underwriting income						
Premium written	1,492,922,035	1,233,212,378	203,600,178	156,233,995	1,696,522,213	1,389,446,373
Less: Premium ceded	(13,068,576)	(15,423,437)	(105,272,121)	(72,426,652)	(118,340,697)	(87,850,089)
Add (less): Unearned premium reserve	(105,120,096)	(142,776,196)	(4,647,632)	2,596,610	(109,767,728)	(140,179,586)
Earned premium	1,374,733,363	1,075,012,745	93,680,425	86,403,953	1,468,413,788	1,161,416,698
Fee and commission income	32,512	26,276	32,857,884	25,635,668	32,890,396	25,661,944
Total underwriting income	1,374,765,875	1,075,039,021	126,538,309	112,039,621	1,501,304,184	1,187,078,642
Underwriting expenses						
Claims and losses adjustment expenses	759,850,696	712,021,729	29,500,333	14,394,921	789,351,029	726,416,650
Commission and brokerage expenses	246,344,953	208,224,543	31,660,758	27,605,306	278,005,711	235,829,849
Other underwriting expenses	30,237,970	24,352,042	6,589,243	7,139,060	36,827,213	31,491,102
Contribution to Road Accident Victims Protection Co., Ltd.	18,049,853	15,951,237	-	-	18,049,853	15,951,237
Operating expenses	-	-	-	-	262,109,693	234,213,966
Total underwriting expenses	1,054,483,472	960,549,551	67,750,334	49,139,287	1,384,343,499	1,243,902,804
Profits (loss) from underwriting	320,282,403	114,489,470	58,787,975	62,900,334	116,960,685	(56,824,162)
Net investment income					91,816,068	85,942,356
Gains on investments					30,051,958	24,500,972
Fair value gains (losses)					(15,390,310)	15,427,477
Other income					8,575,143	11,485,793
Profit from operation					232,013,544	80,532,436
Contribution to the Office of Insurance Commission					(4,708,802)	(3,952,464)
Contribution to the General Insurance Fund					(4,207,565)	(3,452,465)
Contribution to the Victims Compensation Fund					(1,473,457)	(1,302,142)
Profit before income tax expenses					221,623,720	71,825,365
Income tax expenses					(38,613,664)	(8,607,269)
Profit for the year					183,010,056	63,218,096

Segments assets and liabilities as at 31 December 2013 and 2012 are as follows:

(Unit: Baht)

	Motor	Others	Unallocated assets/liabilities	Total
Assets				
31 December 2013	184,017,947	326,439,609	2,454,905,647	2,965,363,203
31 December 2012	166,446,094	623,931,186	2,160,294,489	2,950,671,769
Liabilities				
31 December 2013	1,222,230,325	435,698,702	134,573,893	1,792,502,920
31 December 2012	1,108,446,311	696,844,806	103,480,995	1,908,772,112

Geographic information

The Company is operated in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

Major customers

For the year 2013, the Company has revenue from one major broker in amount of Baht 964 million, arising from sales by the motor segment (2012: Baht 904 million derived from one major broker, arising from sales by the motor segment).

34. Commitments and contingent liabilities

34.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space. The terms of the agreements are generally between 3 and 20 years.

As at 31 December 2013 and 2012, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

(Unit: Million Baht)

	2013	2012
Payable:		
In up to 1 year	21.0	22.3
In over 1 and up to 5 years	1.4	25.9

34.2 Litigation

As at 31 December 2013, the Company, as an insurer, has been sued for damaged amounting to approximately Baht 414.6 million. The total sum insured covered by insurance policies is Baht 59.4 million. The outcomes of these cases have not yet been finalised. However, the Company has set aside reserve for its losses totaling Baht 55.5 million in the financial statements.

35. Financial instruments

35.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, premium receivables, investments in securities, and loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to premium receivables, and mortgage loans. Concentrations of the credit risk with respect to loans and premiums receivables are insignificant due to the large number of customers comprising the customer base and their dispersion across different industries and geographic regions in Thailand. The maximum exposure to credit risk is the book value of assets after deduction of allowance for doubtful accounts as presented in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its deposits at financial institutions and investments in securities.

Significant financial assets as at 31 December 2013 and 2012 classified by type of interest rates are summarised in the table below, with those financial assets that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date are classified below.

(Unit: Million Baht)

	2013						Interest rate (% p.a)
	Fixed interest rates			Floating interest rate	Non- interest Bearing	Total	
	Within 1 year	2 - 5 years	Over 5 years				
Cash equivalent	151	-	-	-	11	162	0.00%-1.00%
Investments in securities							
Government and state enterprise securities	114	251	173	-	-	538	1.00%-8.25%
Private enterprise debt securities	83	60	15	-	-	158	3.70%-6.00%
Deposits at financial institutions	900	85	-	-	-	985	2.70%-4.00%
Mortgage loans - net	-	-	-	7	-	7	5.13%-10.13%
Total	1,248	396	188	7	11	1,850	

(Unit: Million Baht)

	2012						Interest rate (% p.a)
	Fixed interest rates			Floating interest rate	Non- interest Bearing	Total	
	Within 1 year	2 - 5 years	Over 5 years				
Cash equivalent	56	-	-	-	10	66	0.00%-0.62%
Investments in securities							
Government and state enterprise securities	221	334	10	-	-	565	1.25%-6.80%
Private enterprise debt securities	40	103	35	-	-	178	3.00%-5.70%
Deposits at financial institutions	586	72	-	-	-	658	1.25%-4.10%
Mortgage loans - net	-	-	-	7	-	7	5.13%-15.00%
Total	903	509	45	7	10	1,474	

Foreign currency risk

The Company considers no significant foreign currency risk because it has insignificant foreign currency transaction, and insignificant financial assets and liabilities denominated in foreign currencies outstanding at the statement of financial position date.

35.2 Fair value of financial instruments

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

The following methods and assumptions were used by the Company in estimating the fair values of financial instruments:

Investments in securities

The fair value of marketable securities is based on their quoted market prices.

The fair value of deposits at financial institutions, bonds, debentures and bill of exchange with periods to maturity of less than 90 days is based on their carrying value. For those with periods to maturity of longer than 90 days, fair value is estimated using a discounted cash flow method based on the current interest rate and the remaining period to maturity.

As at 31 December 2013 and 2012, the aggregate carrying values and fair values of investments in held-to-maturity securities are as follows:

(Unit: Million Baht)

	2013		2012	
	Book value	Fair value	Book value	Fair value
Government and state enterprise securities	515	521	552	560
Private enterprise debt securities	158	160	178	180

Loans

Fair value of floating interest rate loans with no significant credit risk is based on carrying value as presented in the statement of financial position.

36. Capital management

The primary objectives of the Company's capital management are to ensure that it preserves the ability to continue its business as a going concern and to maintain capital reserve in accordance with Notifications of the Office of Insurance Commission.

37. Approval of the financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2014.

Branch Offices of Nam Seng Insurance Public Company Limited

Branch/Office	Address	Telephone	Facsimile
1. Chiang Mai	164/3 – 4 Chiang Mai – Lampang Rd., Amphur Muang, Chiang Mai 50000 email:chiangmai@namsengins.co.th	(053) 210055 (053) 210066 (053) 213229	(053) 214656
2. Nakorn Sawan	148/23 Moo 10 Asia Rd., Amphur Muang, Nakorn Sawan 60000 email:nakornsawan@namsengins.co.th	(056) 222520 (056) 231676 (056) 231677-8	(056) 224060
3. Phitsanulok	340 Moo 2 Singhawat Rd., Amphur Muang Phitsanulok 65000 email:phitsanulok@namsengins.co.th	(055) 248672-4	(055) 242449
4. Nakorn Ratchasima	1575/7-9 Mittraphap Rd., Amphur Muang, Nakorn Ratchasima 30000 email:korad@namsengins.co.th	(044) 222800-3	(044) 214637
5. Udon Thani	127/2 Moo 9 Liangmuang Rd., Amphur Muang, Udon Thani 41000 email:udon@namsengins.co.th	(042) 222333 (042) 222344 (042) 224171	(042) 222171
6. Khon Kaen	668/99-100 Klangmuang Rd., Amphur Muang, Khon Kaen 40000 email:khonkaen@namsengins.co.th	(043) 223900 (043) 223975-6	(043) 227604
7. Roi Et	435-437 Moo 14 Roi Et-Phonthong Rd., Amphur Muang, Roi Et 45000 email:roi_et@namsengins.co.th	(043) 516664-6	(043) 515762
8. Ubon Ratchathani	756/6 Chayangkul Rd., Amphur Muang, Ubon Ratchathani 34000 email:ubon@namsengins.co.th	(045) 316788 (045) 314731 (045) 314742	(045) 314712
9. Suphanburi	393-395 Moo 5 Bang Bua Thoug-Suphanburi Rd., Amphur Muang, Suphanburi 72000 email:suphan@namsengins.co.th	(035) 494166 (035) 494167-8	(035) 523660
10. Nakhon Pathom	436,438 Moo 8 Petchakasem Rd., Amphur Muang, Nakhon Pathom 73000 email:nakhonpathom@namsengins.co.th	(034) 254600 (034) 258744-5 (034) 250352	(034) 251821
11. Saraburi	211/19-20 Sutbuntat Rd., Amphur Muang, Saraburi 18000 email:saraburi@namsengins.co.th	(036) 222300 (036) 222877 (036) 221068	(036) 211370
12. Samut Sakhon	926/ 305-306 Ramall Rd., Amphur Muang, Samut Sakhon 74000 email:samutsakhon@namsengins.co.th	(034) 422200 (034) 425806 (034) 428167-8	(034) 428169

Branch/Office	Address	Telephone	Facsimile
13. Kanchanaburi	201/27-28 Moo 5 Sangchuto Rd., Amphur Muang, Kanchanaburi 71000 email:kanchanaburi@namsengins.co.th	(034) 520723-4 (034) 520444	(034) 520826
14. Chonburi	116/45- 46 Moo 3 Sukhmvit Rd., Amphur Muang, Chonburi 20000 email:chonburi@namsengins.co.th	(038) 272170-1 (038) 260213 (038) 276130	(038) 260214
15. Ch Pattaya	113/28 Moo 13 Amphur Banglamung, Chonburi 20150 email:pattaya@namsengins.co.th	(038) 414711 (038) 415404 (038) 411939	(038) 414306
16. Rayong	47 Moo 3 Sukhmvit Rd., Amphur Muang, Rayong 21000 email:rayong@namsengins.co.th	(038) 021116-8 (038) 021100	(038) 614580
17. Petchaburi	55/1 Moo 2 Petchakasem Rd., Amphur Muang, Petchaburi 76000 email:petchaburi@namsengins.co.th	(032) 426129 (032) 426037 (032) 426000	(032) 426027
18. Prachuabkhirikhan	227-229 Prachuabkhirikhan Rd., Amphur Muang, Prachuabkhirikhan 77000 email:prachuab@namsengins.co.th	(032) 603444 (032) 601870	(032) 604718
19. Hatyai	500/5-6 Moo 4 Lopburiramate Rd., Amphur Hatyai, Songkla 90110 email:hatyai@namsengins.co.th	(074) 261333 (074) 262770-1	(074) 262759
20. Trang	365/55 Huaiyot Rd., Amphur Muang, Trang 92000 email:trang@namsengins.co.th	(075) 298200 (075) 298202	(075) 298201
21. Surat Thani	97/21 Moo 6 Chon Kasem Rd., Amphur Muang, Surat Thani 84000 email:surat@namsengins.co.th	(077) 600688-9 (077) 600690-1 (077) 205862	(077) 289975
22. Nakhonsrithamarach	186/20-21 Omkaywachirawut Rd., Amphur Muang, Nakhonsrithamarach 80000 email:nakhon_sri@namsengins.co.th	(075) 342500 (075) 344133-4	(075) 431200
23. Chumporn	55/13 Moo 1 Petchakasem Rd., Amphur Muang, Chumporn 86190 email : chumphon@namsengins.co.th	(077) 534345 (077) 534174 (077) 534176 (077) 534480	(077) 534493
24. Surin	325 Moo 19 Surin-sangka Rd., Amphur Muang, Surin 32000 Email:surin@namsengins.co.th	(044) 512717 (044) 512707 (044) 512747	(044) 512912



บมจ. นำสินประกันภัย
NAM SENG INSURANCE PLC.
มั่นคงในสัญญา ซื่อตรงในบริการ

767 ถนนกรุงเทพ-นนทบุรี แขวงบางซื่อ เขตบางซื่อ กรุงเทพฯ 10800

โทรศัพท์ 0-2911-4567, 0-2911-4488 โทรสาร 0-2911-4477

767 Krungthep-Nonthaburi Road., Bangsue, Bangkok 10800

Tel : 0-2911-4567, 0-2911-4488 Fax : 0-2911-4477

www.namsengins.co.th